


November

1921

THE NATION'S BUSINESS



If I Ran the Railroads

By HENRY FORD

The Case of the D., T. & I.

By A RAILROAD PRESIDENT

The Perils of the "Blocs"

By Senator King

The Battle Line of Finance

The Inside Story of the Money Committee

A Medieval Obstacle to Trade

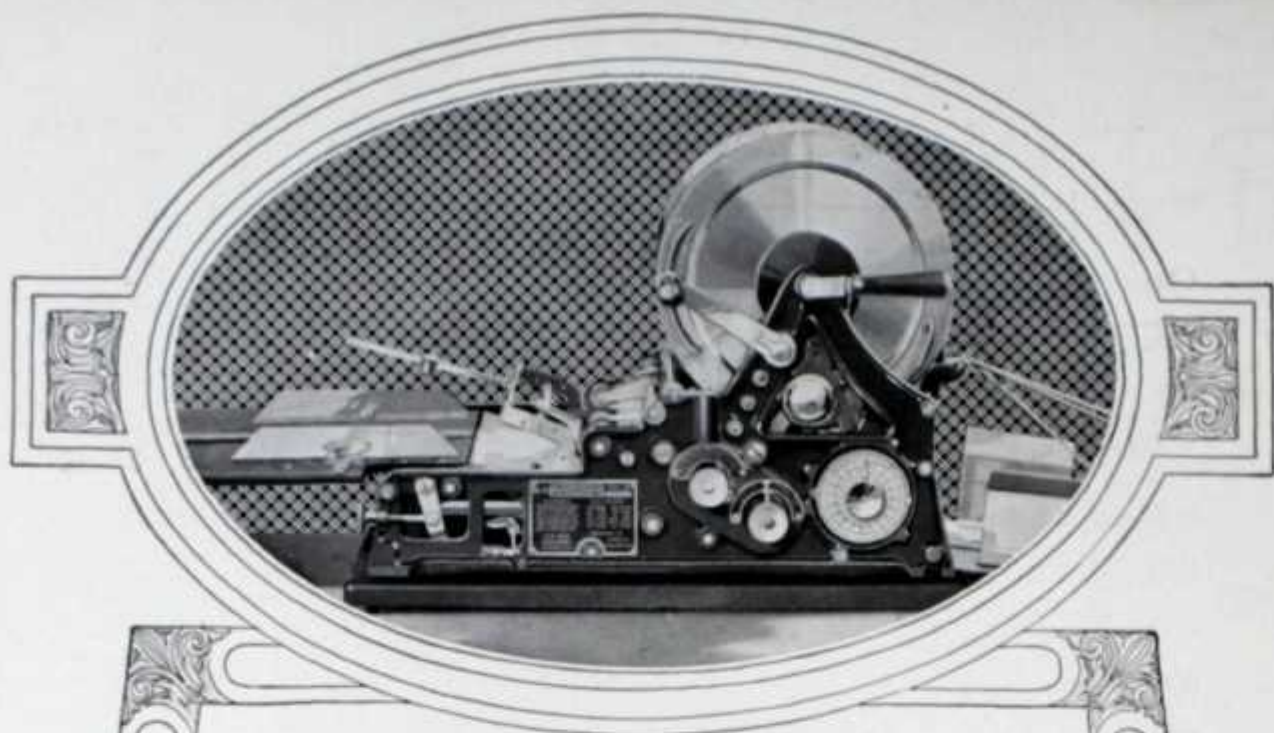
The Ocean Bill of Lading

The Other Side of Trade Associations

The Open Door and Your Business



Published by the Chamber of Commerce of the United States



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One of the best regarded business reviews recently said, "Things are better, not a great deal perhaps, but still they are better," and in saying it sounded a note of cheer for which the country had been waiting anxiously.

"Things are better." No longer must business movement forward find its sole justification in the optimism which springs from healthy minds and faith in the soundness of national fundamentals. At last and all along the line appear unmistakable evidences of a business awakening.

"Not a great deal perhaps." Business troubles are not ended. The need for care and caution and sound judgment and measuring of values and risks is as great as during the most trying period of business depression, but the movement toward better times is on, and faith in the future no longer need be a blind faith.

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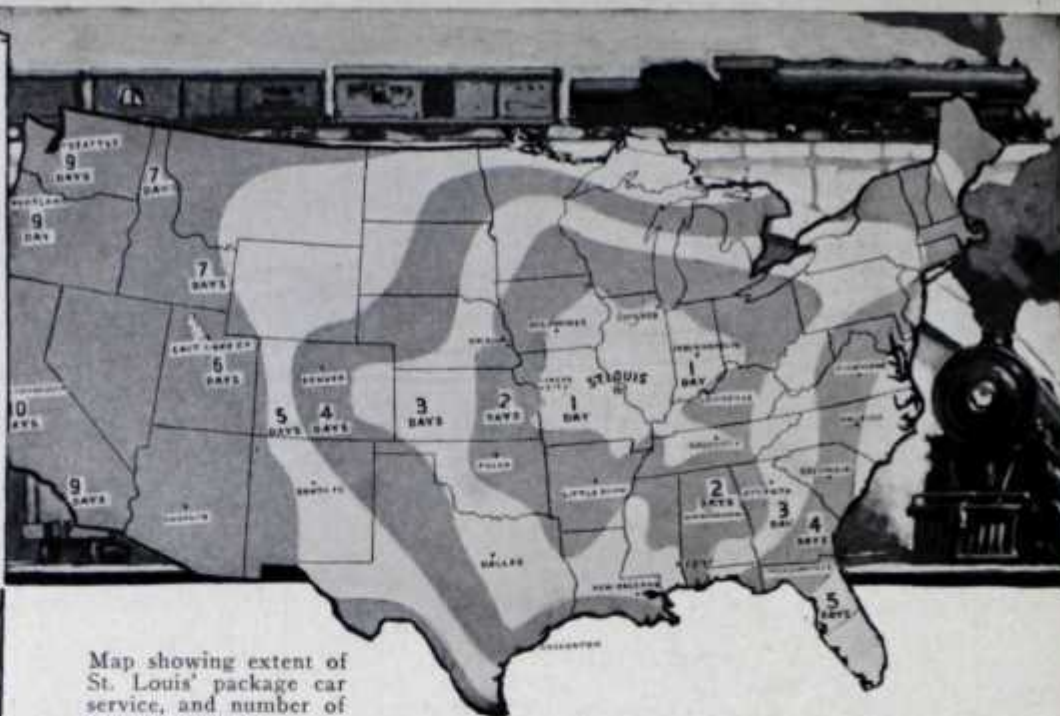


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City	Days
Albuquerque, N. M.	5
Asheville, N. C.	4
Atlanta, Ga.	2
Austin, Texas	4
Baltimore, Md.	3
Birmingham, Ala.	2
Billings, Mont.	5
Boston, Mass.	5
Burlington, Iowa	1
Butte, Mont.	6
Cairo, Ill.	1
Chattanooga, Tenn.	2
Cheyenne, Wyo.	5
Chicago, Ill.	1
Cincinnati, Ohio	1
Cleveland, Ohio	2
Columbia, S. C.	4
Council Bluffs, Iowa	2
Dallas, Texas	3
Davenport, Iowa	2
Denver, Colo.	4
Des Moines, Iowa	2
Detroit, Mich.	2
El Paso, Texas	5
Enid, Okla.	3
Frankfort, Ind.	2
Ft. Wayne, Ind.	2
Ft. Worth, Texas	3
Henderson, Ky.	1
Houston, Texas	4
Indianapolis, Ind.	1
Jackson, Miss.	3
Jacksonville, Fla.	4
Jefferson City, Mo.	1
Kansas City, Mo.	1
Kansas City, Kan.	1
Lincoln, Neb.	3
Little Rock, Ark.	2
Los Angeles, Cal.	8
Louisville, Ky.	1
Macon, Ga.	4
Memphis, Tenn.	2
Mobile, Ala.	2
Nashville, Tenn.	2
New Orleans, La.	3
New York City, N. Y.	3
Omaha, Neb.	2
Paragould, Ark.	1
Pensacola, Fla.	3
Philadelphia, Pa.	3
Pine Bluff, Ark.	2
Pittsburgh, Pa.	2
Pocatello, Idaho	6
Portland, Ore.	9
Pueblo, Colo.	3
Richmond, Va.	4
Salt Lake City, Utah	7
San Antonio, Texas	4
San Francisco, Cal.	9
Seattle, Wash.	9
Sioux Falls, S. D.	4
Shreveport, La.	3
St. Paul, Minn.	3
Terre Haute, Ind.	1
Tulsa, Okla.	2
Vicksburg, Miss.	3
Washington, D. C.	3
Wichita, Kan.	3



Map showing extent of St. Louis' package car service, and number of days for delivery.

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General Secretary
ST. LOUIS CHAMBER OF COMMERCE

St. Louis, U.S.A.



Through the Editor's Spectacles

WE ARE PARASITES. We admit it. We glory in the fact that most of our good ideas come from our readers. The prize for the best line received in the month's mail goes to the man who summed up a careful analysis of the present business situation with

"Hope may prove a dupe
But our fears are liars."

THE office took on an air of high pressure last week that carried many of our staff back to old newspaper days. In bringing out an extra edition we broke all magazine precedent. The findings of the committee of business men sent to investigate economic problems of Central Europe affecting our business seemed of such great interest and importance that we felt it should not be held for the regular number.

Our readers evidently appreciated its importance. As I write we have had requests for 36,000 reprints, and they are still coming in at a rate of 8,000 a day.

SENATOR William E. King of Utah, who contributes an article on class legislation to this number, has a reputation for industry which has spread generally around the Capitol. When a member of the staff asked a door man at the Senate Office Building which was Mr. King's office, the reply was:

"Room 342. The man that works day and night."

Contrary to a general belief, members of Congress are not the laziest persons in the world, nor are politicians generally. We heard a man tell the other day of an invitation he once extended to Theodore Roosevelt to go with him to a baseball game.

"Indeed, I will not go," replied the colonel. "I'm not going to sit two hours and watch somebody else do something!"

PUBLIC OFFICIALS have nothing on business men in this regard. When our representative asked Mr. Ford for an appointment to talk over his ideas of railroad management, Mr. Ford said, "I'll see you at 7:30 tomorrow morning." We got there ten minutes early (as is our custom), and found Mr. Ford with his coat off hard at work.

MR. HAIGHT, another contributor to this number, is an admiralty lawyer of high standing in New York, and knows whereof he speaks. In 1914 he was chairman of the Bill of Lading Committee of the National Chamber, which handled with great ability the Pomerene Bill of Lading Bill adopted by Congress. In 1915 he prepared, at the request of the Secretary of the Treasury, a report upon the subject of uniform bills of lading for the Pan-American Financial Congress. Prior to 1912 extensive frauds were perpetrated upon Liverpool shipping men and cotton importers through the forging of railroad cotton bills of lading in the United States. He secured the cooperation of 114 cotton carrying railroads in this country in the plan which was formulated, and the agreement which resulted has been made effective and has put an end to the forgery described.

Pursuant to a resolution of the annual meeting of the National Chamber in 1920,

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THE NATION'S BUSINESS

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As the official magazine of the National Chamber, this publication carries authoritative notions and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

a committee was formed to press upon Congress the desirability of enacting a law permitting private owners to recover compensation for damage done to their vessels by vessels of the United States. Mr. Haight was chairman of this committee and presented a bill which was reported by the appropriate committee and which will doubtless receive early enactment by Congress.

Mr. Haight headed the American delegates of the Transportation and Communication group of the International Chamber meeting at London last summer and took the lead in getting the International Chamber to take up vigorously the question of uniform ocean bills of lading. He then traveled through Holland, Belgium and Scandinavian countries interviewing prominent shipping men and bankers and enlisting their cooperation.

ANENT the article in this number and the one to follow on the activities of the Federal Reserve System, we note that John

Skelton Williams, former Comptroller of the Currency, has got himself into the good graces of the Nonpartisan League by his attacks on the Federal Reserve System. *The Nonpartisan League News*, which has been running a series of articles written by "John Lord" designed to show that the reserve system is a "money trust," announces in a recent issue that Mr. Williams "has volunteered to come to the state (Minnesota) at his own expense and help in the fight, as he realizes, better than most people, that the fight in this state is but the opening of the big battle that the people of the United States must make to wrest control of their banking system from Wall Street and vest it in the people's own representatives."

THE State Department sends us a copy of a Madagascar newspaper that republished in French Mr. Bedford's article, "I am an Optimist on France." The American consul at Tananarive, Madagascar, in sending the paper to the State Department, said that the

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Memo For Your Secretary

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article attracted the attention of the Chief of the Cabinet of the Governor General and that he passed it along to the editor of the paper. This official is quoted as saying: "THE NATION'S BUSINESS is very interesting from the point of view of the evolution of industrial ideas in the United States since the war."

WE note in *The Leader* of Laurel, Miss., under the heading

GUY M. WALKER HERE

Owner of the Laurel Light and Ry. Co.
Visits Laurel

a column interview. The leading editorial starts out:

No other agency in modern times has done more to develop rural communities or add to the growth of cities than electric interurban railways.

We note further that Mr. Walker addressed the Laurel Commercial Club.

And noting these things we recall the article Mr. Walker wrote for this magazine in which he said that if managers and owners of public utilities would take the public into their full and complete confidence they would find the public sympathetic and ready to bear its share of their burdens.

Mr. Walker, it seems to us on the evidence aforesaid, takes his own medicine with beneficial results.

TALKING of the bad impression made by short paid foreign postage, a contemporary says:

An American consular official tells of his being obliged to pay a penalty on a communication received from the State Department in a reply to a complaint about the enormous amount of mail allowed to leave the United States with underpaid postage.

We like the present Postmaster General. We liked the article he wrote for us last month. We refuse to believe that it happened in his administration. It must have been years ago.

CRUCIBLE, or fine tool steel, is one of the points about which the tariff controversy is raging. In the October issue of this periodical Arthur Balfour, former president of the Sheffield, England, Chamber of Commerce, was quoted in part as follows:

At the present time the fine steel importation is only 2 per cent of the whole. That is a very small percentage but a very useful one, as it makes an incentive to the manufacturers here and a great incentive to us to do the best that we can.

These statements prompted Roy C. McKenna, president of the Vanadium-Alloys Steel Company, to write to us as follows:

It is not clear whether Mr. Balfour meant that the total importation of fine steel in tonnage or money value equaled only 2 per cent of the total steel importations, or whether he meant that the importation of fine steel amounted to only 2 per cent of the total used in the United States. In either case the statement is incorrect. Does he mean the present, the preceding quarter, or since the signing of the armistice?

We assume that Mr. Balfour's statement was made for the purpose of conveying to the Senate Finance Committee the impression that foreign competition in fine steels was slight, only sufficient to provide an incentive for the American manufacturer to do his best.

"Mr. Balfour did not minimize the importance of the manufacture of fine steels in Sheffield,



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a city of half a million population and with 125,000 skilled workers. He did not admit that Sheffield had lost the leadership in the manufacture of fine steels. He admitted that 18 per cent of the steel manufactured in Sheffield is exported to the United States, whereas if he was well informed he would have known that it is over 30 per cent. Assuming that Sheffield produces fine steel only equal in quantity to that produced by combined American manufacturers, and taking Mr. Balfour's statement as correct, then it is apparent that the percentage is 9 per cent, not 2 per cent. In the year 1913, 30 per cent of the fine steels used in the United States were imported. The portion of the steel industry known as the Crucible Steel, or fine steel industry, represents only about 1/5 per cent of the tonnage, and possibly 2 per cent of the value of the entire steel industry. It is essentially a hand-craft industry. A large amount of skilled labor is employed. Mr. Balfour stated that he represented 125,000 skilled workmen, 18 per cent of whose products came to America.

The condition of the tool steel industry in America is deplorable; our percentage of operation is no greater than Sheffield. However much we sympathize with England, and hope she will overcome her post-war difficulties, we should be guided by the policy of America First. Employment provided by us for each skilled English worker in tool steel means idleness for one more skilled American worker in tool steel. The wages received by the American worker are spent here.

And from a letter from John A. Mathews, president of the Crucible Steel Company of America, this paragraph supplements what Mr. McKenna says:

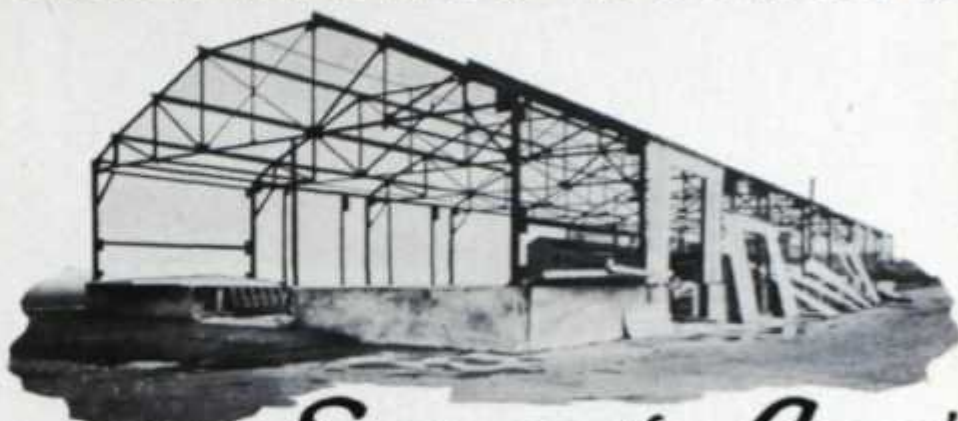
Not only Mr. Balfour but a number of other importers of steel who have appeared at tariff hearings have tried to minimize the extent to which fine steels are brought into this country. It may interest you to know, however, that there seem to be at least two importers of steel in the country to every manufacturer of tool steel, and no less than half a dozen tool steel plants which have failed and closed their doors tight in the last year or two. There are about twenty-five going concerns, but going at present only a small percentage of the time. This country possesses adequate capacity, skill and materials to take care of the country's entire requirements in tool and fine steels. In fact, it possesses an over-capacity, in plant and equipment. If Mr. Balfour intended to imply that only 2 per cent of the fine steel business came from abroad, he certainly created an erroneous idea which should not go unchallenged.

AN illustration of the way in which railroad employment rules work out came to our attention the other day which, in these days of spotlight attention to transportation, is worth repeating. A certain railway executive found early in the summer that he must have an office boy, and in response to an advertisement about twenty applicants put in an appearance. Each was asked what wages he would expect, and their replies ranged from eight to twelve dollars a week.

An alert and presentable youth was chosen, and went to work at once. When the first payday rolled round he found \$16.40 in his pay envelope. This was a pleasant surprise, but so puzzling that the boy asked why he was so favored. It was explained to him that under the rules governing railroad employment the executive was compelled to pay that amount. The Railroad Labor Board had ruled that there should be a fractional decrease in wages after July 1, and at that time the new office boy's wage became fourteen dollars.

M.T.

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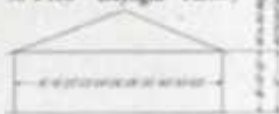
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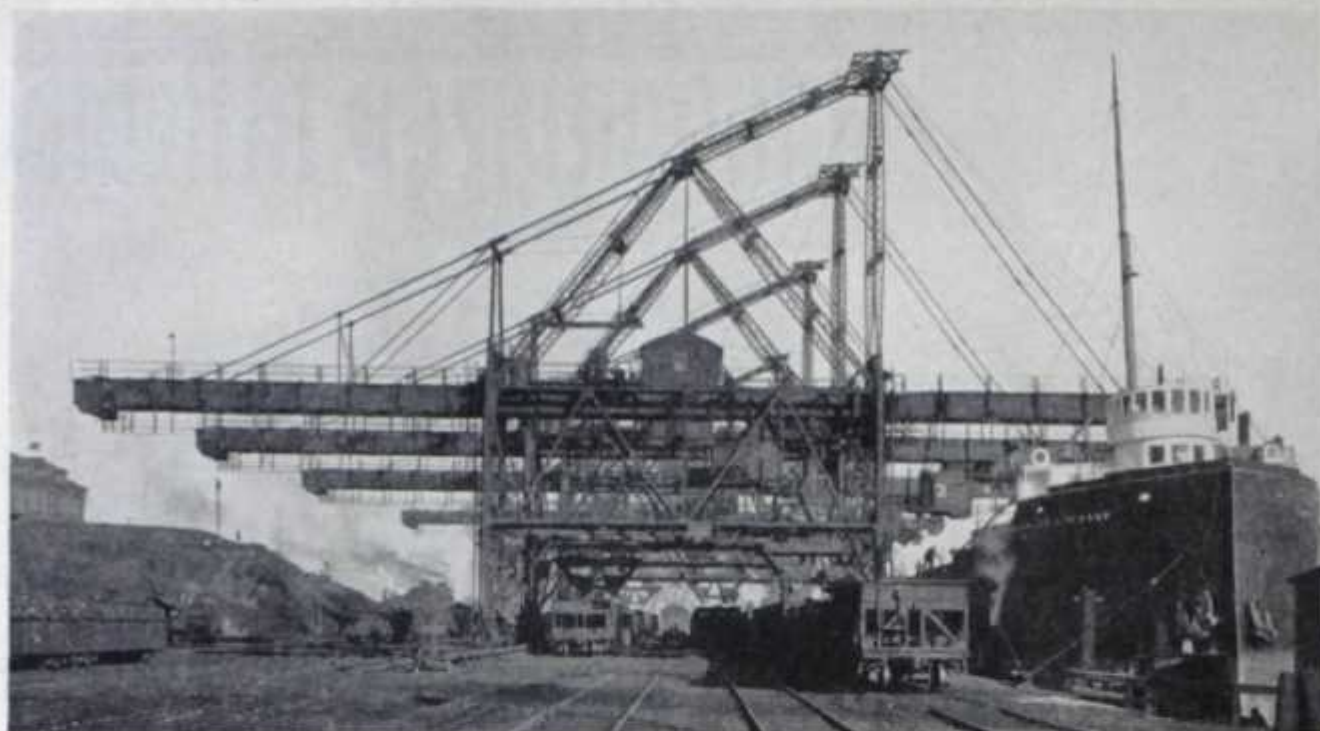
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THE NATION'S BUSINESS

A Magazine for  Business Men

VOLUME 9, NUMBER 12

NOVEMBER, 1921

If I Ran the Railroads—Ford

An Interview by WILLIAM ATHERTON DU PUY
Authorized and Corrected by HENRY FORD

IF YOU were operating a railroad such as the Pennsylvania or the New York Central," I said to Henry Ford, out at his office in Dearborn, "how would you proceed?"

"In any such case, I would immediately set about accomplishing four things," he replied. "I would reorganize in such a way as to get rid of the unproductive stockholder. I would redesign the rolling stock. I would expedite the delivery of freight. I would discharge unnecessary employees."

"The first thing to be done anywhere is to reorganize by getting rid of the unproductive stockholders. The real purpose of a railroad is to serve the public."

"There is no reason why it should be diverted from that service and set to doing an entirely different thing—putting money into the pockets of stockholders who make no contribution to the road's actual operation. Paying dividends to these people is a burden which should be lifted from the railroads. The greater the overcapitalization, the heavier the burden. It bears them down and prevents them from serving their purpose. In the end the public pays these dividends. They are a tax on the whole people."

"There is a possible and practicable system of financing railroads by which those contributing the money will be in positions to add directly to the success of the undertaking. If the brakeman on a railroad owns stock in it, he has an additional inducement to competent service. Better service is a valuable by-product which will come from his ownership of stock. If the railroad is a success, it is due to him and his fellow-workmen, and they are entitled to the profit."

"Railroads should not have to go to banks for money. They can be otherwise financed. In fact, finance is the wrong term to use. We talk too much about finance. The first thing is to make a railroad work. Make it possible for people to use it as much as they want to. Then there will be no trouble about finances. The trouble is that we start with finance and expect finance to make the road go. Finance can't do that. Finance is a failure."

HAS HENRY FORD taken a losing railroad and made it a paying one? If he has, how did he do it? Why didn't someone else do it? Can he do it with other properties?

In a nutshell, these are questions the public has asked and is asking. There were two places to turn for the answers. To Mr. Ford himself and to executives of other railroads. THE NATION'S BUSINESS has turned to those sources and here presents not the final answers—it is too soon to do that—but some points for your consideration as shippers, or stockholders or as every-day travelers. Whatever you are, the railroad problem is your problem. The Plumb Plan League and the advocates of government ownership are still eagerly pressing their case. Your business thrives or lags as the railroads are well or badly managed. We have no thought of muckraking Mr. Ford or of "exposing the railroads." We have a thought of helping you to a better understanding of what is going on. We feel toward our readers as the railroad president does toward his stockholders when he said to us of the Ford railroad:

"I have devoted some attention to developing the reasons for the sudden change not out of curiosity but to secure for our own property the benefit of such improved methods as may have been applied to the D., T. & I."—THE EDITOR.

"Of course, if such a course were attempted, we could expect a great outcry for the protection of invested capital. It would be said that people had bought these stocks for the financial protection of their families, their children. Protection from what? From the necessity of earning their living. Their children would be better off if they had to finance themselves."

"Proper financing would, of course, be easier on new roads. On the old ones, however, it should be possible to retire the parasite, noncontributing stockholder and get the ownership into the proper hands."

"After removing this dividend drain, the second step would be to remove the great physical burden of the railroads—needless weight of its rolling stock. Overweight of rolling stock is the prime mistake on the mechanical side of railroading. Engines and cars are four or five times as heavy as they should be. A freight train is several times the weight of the load it carries, and a passenger train is twenty times as heavy. This dead weight must be moved whether a train is loaded or empty. The cost of pulling

empty trains is needlessly large. Contrast this with the efficiency of the bicycle which weighs twenty pounds and will carry a man who weighs 200 pounds."

"It is contended," I suggested, "that weight is necessary to make railroad cars hold the track."

"Were you ever arrested for speeding?" Mr. Ford countered. "If so, the cop who overhauled you was mounted on a motorcycle that weighed about one-tenth as much as your car, yet it was speedier than you were. The problems of holding the rails can be taken care of in redesign."

"Here is an example of redesign in freight cars. The axle of a car and the two wheels upon it operate as a unit almost as though they were one piece. When the car goes around a curve one wheel has to travel farther than the other. Since they are on the same axle and one cannot turn without the other, this makes it necessary that one wheel should slip on the rail. There are theoretical compensations which it is claimed take care of this difference of distance traveled by wheels, but they are not real compensations. The axle connecting these wheels must be very strong to force the slip. To secure this strength the axle must be very thick and heavy."

"What we have set out to do is to design an axle that will allow for this difference in the distance the wheels have to travel, that will make the slip unnecessary. We have already solved the problem. But in doing so we have greatly reduced the weight of the undergear of every car."

"We are not governed in our redesign of rolling stock by what has gone before. We are going to make some revolutionary changes. We find that the present types of rolling stock can be greatly improved. On the Detroit, Toledo & Ironton we are using up the old types of engine and car, but they will be displaced by better types. We will patent our new designs where they are patentable, but we will do this only to prevent someone else from doing so. Some patents are taken out to prevent the free use

of ideas. Our patents will guarantee the free use of ideas. We will never proceed against anybody for infringement of our patents. They will belong to the world. Anybody who wants to can use any improvement we make. The Ford organization has never proceeded against anybody for infringement of its patents.

"Great weight in trains, of course, calls for correspondingly heavy rails and ties. The producers of iron and steel have had much to do with the development of railroads. The heavier the engine and the heavier the rail, the greater was the consumption of steel and the greater profit all along the line. The builders of rolling stock have regarded, or have pretended to regard, size as an evidence of advancement. They have long ago passed the point of economy."

"It is said, Mr. Ford," I interjected, "that your claim of the economy of lighter rolling stock is an undemonstrated theory. How do you know that it would be more economical?"

"Well," he replied, "it doesn't do much good to talk about it. Anything that one can say is open to dispute or denial, but whatever one actually succeeds in doing is beyond argument. We have a pretty clear idea of what we are going to do. Once it is done, it won't need any explanation. However, you have got hold of the main principles. We are hauling around too much dead weight. It costs money to do that. The public has got to the point where it cannot pay for the dead weight and live freight, too, so one or the other must go."

"The third step, an immediate step which should be taken in the operation of any great railroad system," Mr. Ford continued, "would be that of expediting the journey of the freight carrier. On the Detroit, Toledo & Ironton we tolerate no idle men, idle cars or idle engines. Loaded cars or trains on side tracks are proof of inefficient operation. They can be made to keep moving."

"If a car takes more time than it should to deliver its load at its destination it is not, of course, earning as much as it should for the road. It is just as much waste as it would be for a man to take two days on a one-day job. It is more so, because that car is likely to hold another car back. But here is another point. It is lengthening the time of the turnover of the shipper—and that, too, is a waste of money and everything else."

"Our experience illustrates this excellently. The road we have acquired runs north and south and crosses most of the transcontinental lines. By speeding up our freight on this preliminary part of its journey we have been able to shorten the time of its delivery by periods ranging from seven to fourteen days. This means that our product gets to the people to whom we sell it from seven to fourteen days quicker than it used to. It means that we carry on our books \$30,000,000 less undelivered product than we otherwise would. This is a considerable item. It would be still further reduced if our connecting lines had the slack taken out of them. If all the roads were brought up to schedule, the benefit that we would derive would be shared by every other shipper in the country."

"When freight is tied up in these unnecessary delays, the rolling stock of railroads is tied up also. If it takes a road twice as long as necessary to deliver its freight, it will require twice the number of cars. There will be twice as much freight in yards, so they will have to be bigger. All of which is aside from the interference with other traffic. The tax of delayed freight is a heavy one on both industry and the railroads, and an unnecessary one. Freight can be kept moving. I would keep it moving."

Get Rid of the Lawyers!

THIS brings us to the fourth point, that of the surplus and inefficient employees. Most railroads have enough lawyers working for them to operate them if they were engaged in useful work. One of the first things is to dispense with the legal staff. A well-managed road needs less of that sort of service. We did just this on the Detroit, Toledo & Ironton. The lawyers are mostly in the claims department, which is one of the most wasteful branches of railroad operation. Any small claim against a railroad is very likely to knock about the claims department for weeks or months, to require endless clerical attention, to clog the machine, to cost many times as much as it would to pay it. Proper organization would lead, at the time it is first presented, to establishing the facts about it and settling it on the basis of justice. It would keep all this detail off the books. Few claimants would refuse to settle on the basis of the facts.

"We don't claim to have done anything new in railroading—yet. We have only taken the old system of operation and cut off its obvious absurdities. Even the old system of railroading, brought up to efficiency, would be an immense change for this country. We have simply cut out the loafing of men, the loafing of engines and the loafing of cars. The result seems to have surprised many people. But there is no mystery or magic about it. Anyone can do it. If the introduction of plain, everyday good management will create such a change, what may we not expect from really new ideas?"

"The bookkeeping of railroads is complicated far beyond all necessity. I don't want to go into detail, but the amount of unnecessary work you can find in the accounting system of even a little railroad, the amount of duplication and red tape, is almost beyond belief. We have simplified this department, reduced its cost, and have transformed it into

an actual help to the railroad instead of a vexation and a burden. How did we do it? By viewing the whole proposition as a service to the users of railroads and making everything fit into that, instead of having the fear of stockholders and dividends before our eyes. Our faith is that service will pay. Finance does not come first. Work comes first."

"When we acquired the Detroit, Toledo & Ironton there were 2,600 people on its payroll. We found almost immediately that by cutting out the lost motion we could reduce that number to 1,500. This we did. In the interest of better service we raised the wages of all those who remained on the payroll. You can't expect men to work unless they are paid. But you can't pay them until you hitch up managerial ability with their work. Our men earn more and do more, because the way has been cleared for them to do more. And they like it. No man really likes a job that is half inefficiency and half loafing."

"At four o'clock one morning I came in from a trip that I had made to our iron mines up on the northern peninsula of Michigan. At the station I noticed a wrecking train standing on a side track with steam up and went over to inquire what was the matter. I was told that there had been a wreck some twenty miles down the track and that the train was going out to clear it up. I asked if they were ready to start, and they said they were and had been for half an hour. I was told that the track was clear for the run."

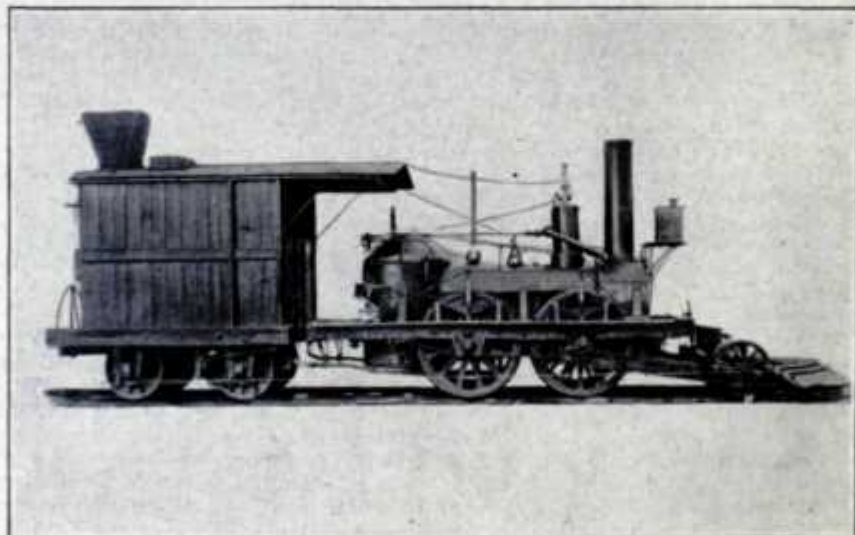
"I asked why they did not go, and they replied that they were waiting word from a certain man in authority. They could not start out on the job until he gave that word. In the meantime the track was blocked and a passenger train was being held up. I said: 'Come on and let's go.' We took the train out and got to work."

"There are too many bosses of varying rank on all these railroad jobs and their elimination would save a good deal of money."

"The primary argument of your critics," I suggested, "is that your success is due to the fact that you are in a position to divert Ford freight to that line, to thus insure its profitable operation. What is your answer to this charge?"

"How can that be true," asked Mr. Ford, "when the road hauled more tonnage the year before we took it over than it has hauled since we have had it? The figures are all at Washington; why doesn't someone look them up? The great majority of the freight which goes over our road goes over other roads, too. The Ford freight that the Detroit, Toledo & Ironton gets only leaves Detroit by our road and is transferred to other roads all the way down the line. We have no monopoly and no great terminals. There isn't any business on our line that some other line doesn't get a generous share of. Railroad men know this; if they don't they can soon find out."

"If you were asked to operate one of the big systems, such as the New York Central or the Pennsylvania, would you accept the assignment?" I asked.



The John Bull, the first locomotive of the Pennsylvania Railroad. A century of improvement has made the monster on the opposite page.

"Oh, you don't expect me to answer that, do you? I have never had to look for big jobs, and I have never sidestepped one that came to me. What we are doing now is developing and demonstrating principles that

will not depend on the personality of any manager. I don't like to appear as criticizing any railroad manager, for I have never done so. With their stockholders on their backs and their banker bosses who don't know

anything about railroading, what can they do? They must be liberated from the present system. And you can't do that by giving them \$500,000,000 to perpetuate the present bad system, either."

The Case of the D., T. & I.

Henry Ford has given it the appearance of prosperity not by selling transportation in the open market but by making it a plant facility of a great manufacturing business

By A RAILROAD PRESIDENT

IT'S true that Mr. Ford bought the Detroit, Toledo & Ironton at a low figure, and doubtless some railway company could have bought it at the same price. You say, "Ford realized that the road was valuable because it crossed practically all the transcontinental roads and that this made it virtually a belt line." While, however, this made it valuable to Mr. Ford, it would not have made it equally valuable to another railroad.

The fact that it crosses numerous railways enables Mr. Ford, who, as a manufacturer, controls a large traffic, to deliver and receive freight to and from the other railroads at any place or places he prefers. This gives him an advantage in negotiating on behalf of the D., T. & I. for divisions of rates which would not have been possessed by any railway which might have acquired the D., T. & I. No railway which might have bought it would have been a manufacturer controlling the routing of the amount of freight which Mr. Ford controls. The D., T. & I. would not have been as valuable an acquisition to some railway as to Mr. Ford.

You say: "That doesn't explain how he was able to reduce his force of workers and to carry his freight at a profit instead of spending more than he made for maintenance, as had been the case before he got the road?"

You say: "If Ford can see a profit in paying his men more than the union scale, why do not the other railroads solve their labor problems in the same way?" What Mr. Ford can do on a single small railway of only 454 miles of line in dealing with the unions is no criterion of what can be done on a really large railway system, or on all the railways of the United States. The leaders of the labor unions know that if the men on the D., T. & I. alone should strike, it would be very easy to replace them, since there are several hundred thousand railway men out of employment in the country. The problem of replacing all the men who might strike on a

WHAT makes Mr. Ford an authority on railroads? His management of the D., T. & I.? Visitors have it back and forth:

Ford bought the D., T. & I. at a very low figure. True, persons supposed to know laughed and said the road would ruin him.

Ford realized that the road was valuable because it crossed continental railroads. Yes, but others must have known this—why didn't they pick up the road at a bargain price?

The D., T. & I. is making profits because Ford can route his immense freight shipments over it, and because connecting roads would give his line freight if he would send tonnage by their lines after it left his. Still, that does not explain how he was able to reduce his force, nor how he was able to carry freight at a profit instead of a loss.

He could reduce his force because he ignored unions, paid his men more money and made them really work. If Ford can do that, why can't the other railroads?

The cut in freight rates affects only tonnage that originates on his line, a small fraction of what the roads now carry. But it must have been of importance, otherwise the cut would not have been protested.

We went to a railroad president for the answer, and here it is. He asks us to withhold his name for "obvious reasons." An executive of another road was blunter: "Mr Ford controls an immense tonnage—and he is human."—THE EDITOR.

large railway system, or on the railways as a whole, would be a very different matter.

Furthermore, railway strikes usually are due principally to the attitude of the labor leaders rather than to the attitude of the men. It was undoubtedly the advance in their wages which made the men willing to accept changes in their rules and working conditions

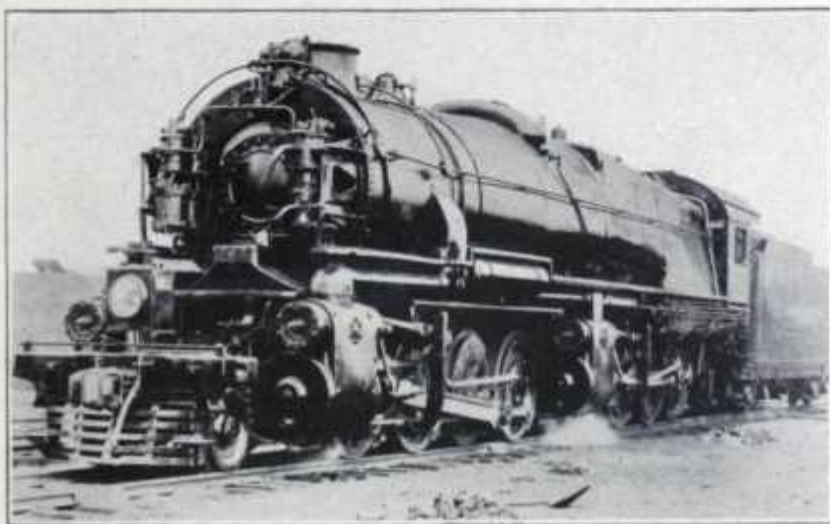
which were contrary to union principles. They naturally preferred to accept higher wages and give up certain rules and working conditions rather than make trouble and take chances of losing their jobs when there were so many other men out of employment who would gladly have accepted the rules and working conditions proposed in order to get the higher wages.

It is certain that on the railways of the country, as a whole, the labor unions would make a hard fight to retain the rules and working conditions which the employees on Mr. Ford's railroad did not fight to retain. The reason is that, while actual wages are of the greatest importance to the actual working railway employee, it is the rules and working conditions to which the labor union leaders attach the greatest importance. This has been illustrated in the recent controversies before the Railroad Labor Board. The labor union leaders have made a much harder fight before the Labor Board to retain wartime rules and working conditions than they have to maintain wages.

It should hardly be necessary to say that, while Mr. Ford may get increased efficiency by advancing wages on his small railroad alone, the results of a general advance in wages on all the railroads would be entirely different. So long as the wages on his railroad are higher than on other railroads, his

men will strive by efficient work to keep their jobs. If, however, wages on all railroads should be advanced to the same level, a man could make as much by working for other railroads as for the D., T. & I., and the incentive to increased efficiency afforded by the advance in wages to the D., T. & I. would be destroyed. No general and uniform advance in wages on the railways of the United States, although many have been made in recent years, has ever caused a general increase in the efficiency of the employees.

Now as to the effect of the various changes Mr. Ford has made on the profits of the D., T. & I., I call attention to the fact that advances in wages and



The last word in locomotive construction, the Pennsylvania's biggest freight engine. Have we gone too far, as Mr. Ford suggests?

reductions in local rates which he made were not put into effect until July 1. There was, however, a large increase in the net earnings of his railroad before that date. Many things that have been published suggest the inference that his increase in net earnings was entirely due to reductions in operating expenses. But the reductions in operating expenses on the D., T. & I. have been relatively greater than on the other railways of the country. The reductions in the operating expenses of the D., T. & I. between October, 1920, and July, 1921, were 27 per cent, while the average reduction on all the railways of the country was almost 28 per cent. Mr. Ford's management has had relatively no more success in reducing expenses than the managements of the other railways. How, then, was the increase in his net earnings secured?

In the last four months of 1920 the D., T. & I. handled an average of 49,246,000 ton-miles of revenue freight per month and had freight earnings averaging \$493,800 a month. In the three months of April, May, and June, 1921, the road handled an average freight business of 37,093,000 ton-miles a month, and earned from it an average of \$694,203 a month. In other words, its freight business in these three months averaged almost 25 per cent less than in the last four months of 1920, while its average monthly freight earnings were over 40 per cent greater. The explanation of this is that in the last four months of 1920 its average rate was one cent per ton-mile, while in April, May, and June it was 1.88 cents, or 88 per cent greater than in September, October, November, and December, 1920.

This increase in the average rate was due to changes in the character of the traffic handled by the railroad under Mr. Ford's administration and to increased divisions of the through rates obtained by it from other railways. With a reduction of 25 per cent in the amount of freight business he handled, Mr. Ford could of course reduce his operating expenses. With this reduction of his operating expenses, and with an increase of

40 per cent in his freight earnings, despite the great reduction in his traffic, he naturally obtained a large increase in his net earnings. This change in the character of the road's traffic would not have occurred, and the increased division of the through rates given to it would not have been granted, if the road had been acquired by some other railroad. Consequently, the increase in its profits would not have occurred.

Just a Factory Facility

MR. FORD'S acquisition of the D., T. & I. has made it practically a plant facility of his manufacturing business. It bears much of the same relationship to his other business that the railways owned by the Steel Corporation bear to its business. Much has been made of the fact that the ratio of the D., T. & I.'s expenses to its earnings has been reduced under the Ford management to less than 60 per cent. But the Duluth & Iron Range, one of the railways owned by the Steel Corporation, had in July an operating ratio of only 42.4, while the Duluth, Missabe & Northern, another of the Steel Corporation's railways, had an operating ratio of only 30.6 per cent.

A railway owned and operated by a large shipper, chiefly to handle his own traffic, does not have the same competition or have to give the same service as a railway operated solely to render service to the public. The remarkable increase in the profits of the D., T. & I. and the reduction in its operating ratio are due to the fact that it has been acquired by a large shipper, but its profits will have to be increased greatly and its operating ratio be greatly reduced before they will become equal to those of the Steel Corporation's railways mentioned.

The Association of Railway Executives gives some detailed figures which confirm the statement made above that the changed character of traffic carried by the D., T. & I. contributed largely to the result by greatly increasing the earnings on the the same volume of tonnage. Here they are:

Data just compiled by the Bureau of Railway Economics comparing traffic on the Detroit, Toledo & Ironton Railroad in April, May, and June, 1921, with traffic in the same quarter of 1920, explain how this road has accomplished the increase in earnings reported as a result of Mr. Henry Ford's management.

The tonnage carried remained stationary (1,171,114 in 1920 and 1,174,535 in 1921), but there was a great difference in the kind of traffic. Products of agriculture, forests, and mines decreased heavily, while manufactures (principally automobiles) correspondingly increased, as shown by the following comparison:

	1920	1921	Increase or decrease
Products of mines:			
Bituminous coal	554,050	416,842	d 137,207
Coke	44,227	22,958	d 21,269
Iron ore	39,650	37	d 39,613
Clay, gravel, sand and stone	75,654	84,924	9,270
Manufactures and miscellaneous:			
Iron, pig and bloom	100,260	22,373	d 77,887
Bar and sheet iron, etc.	20,989	104,597	83,608
Castings, machinery, and boilers	14,281	45,079	30,798
Cement	11,550	28,412	16,862
Agricultural implements and vehicles other than automobiles	2,118	29,011	26,893
Automobiles and auto trucks	4,489	208,575	204,086
Chemicals and explosives	73,062	17,350	d 55,712
"Other manufactures and miscellaneous"	82,527	81,007	d 1,520

These figures speak for themselves. The coal, iron ore, pig iron, and chemical traffic declined, while bar and sheet iron, castings, and vehicles showed great increases. In particular does the movement of automobiles and auto trucks stand out, being an increase from a nominal 4,489 tons in the second quarter of 1920 to 208,575 tons in 1921. The increase in metal parts shows also that raw or partly finished material for the manufacture of automobiles is being shipped over the line in quantities unknown before Mr. Ford acquired control.

The drift from low-grade to high-grade commodities was naturally reflected in the average receipts per ton-mile, which has increased almost 50 per cent since the Ford management took charge.

The Human Side of Business

By FRED C. KELLY

ONE of the most effective advertisements I ever heard of was written by my friend Frank Conger, of Cleveland. He had a small automobile that he desired to sell, and prepared a want ad, setting forth what a bargain he was prepared to offer to the lucky man who first took advantage of the opportunity. When he reached the newspaper office to insert the advertisement, he read it over once more, hesitated—and decided not to sell the car after all. His advertisement convinced him that he would be foolish to part with so desirable a little car. His advertisement had sold the car to himself.

I am hoping that advertisement writers will some day become less pretentious in their phrasing. For example, I should almost be willing to pay extra for a magazine containing advertisements of phonographs in which the horn is called simply a horn—instead of an amplifier.

Dealers in phonographs have discovered that when they sell an instrument they must be careful what kind of records the new user takes home for the first time. If they are all jazz records or mere popular music,

the whole family in a short time will get so sick of the phonograph that they won't want to hear any record on it. But if the dealer is wise enough to persuade the customer to take along records of one or two selections that have withstood the test of time—really good music, you know, without being offensively highbrow—he makes a permanent customer of him. The family doesn't object to hearing the good music played over and over again. They get interested in worthwhile music and buy records from then on.

The same thing is probably true in various



other lines of business. If a person starts off using something that has merit, he doesn't sour on it, but comes back some day for

more. A tailor told me once that when a new customer comes in, he makes every effort to steer him away from too loud a pattern—away from anything that one might quickly tire of. He also tries to guide him toward selecting a piece of goods that will wear well. Certain kinds of goods wear better than others. It isn't a tailor's fault if a customer picks something a bit flimsy. But when the suit wears out, the average man blames the tailor just the same.

People have a tendency to believe things somewhat according to the form in which they are set forth, or the quality of paper on which they are printed. When a mere average man tells us something we do not necessarily believe it at all. A statement even in a newspaper is likely to be accepted with reservations. The same statement in a good magazine is regarded as fairly certain to be true. In a book—if the quality of paper is first class—we unconsciously are disposed to accept everything as authoritative. Probably because of the more enduring form of books, we are slow to adopt the hypothesis that a well-printed statement made between book covers might not be so.

"Bloc" Menace in Law Making

Class legislation contrary to republic's spirit and constitutional provisions—Congressional groups, agitators and faddists tend to emphasize political and social schisms

By SENATOR WILLIAM H. KING

UPON the great seal of one of the great States of the Union appears this legend: "Salus populi, suprema lex," which, being freely interpreted, may be rendered, "The welfare of the people is the highest law." The welfare of the people is the chief aim and end of politics, and by the people we mean all the people, the great and the lowly alike, the rich and the poor, the old and the young, without distinction or discrimination. We mean that the benefits of law and of government shall be enjoyed by all alike, that there shall be equality before the law and that all men shall be equally free in the enjoyment of the rights, the privileges and immunities attached to citizenship in our great country. The very essence of the Republican principle is that there shall be no special privileges accorded to class, or cult, or creed, but that there shall be equal rights for all who obey the law and uphold and maintain the free institutions of the country.

The Constitution of the United States expressly sets forth in the preamble that the powers conferred upon the Federal Government are to be exercised to establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare and secure the blessings of liberty not only to ourselves but to our posterity, which should inherit the rights established by the fathers. The Constitution thus comprehends the common defense and the general welfare, and the intention is clear that its beneficent operations should apply to all the people and all the States and should not be restricted to any privileged class, and that the Constitution itself and the legislative authority conferred upon Congress should never be employed for the benefit of any special interests, groups, or parties which might be formed among the people.

Parties Only for Public Good

THERE is need at this time to recur to a consideration of this fundamental principle, for we have become accustomed to according an undue importance to parties and partisanship as such, and have not been duly mindful of the truth that the only justification of partisanship is the service of the State and the promotion of the public welfare. Partisanship never can be justified for its own sake. The divisions among the people are never warranted for the mere sake of division, but only because the people must divide in order to make decisions, and that when a decision is made there is no further occasion for division on that particular cause.

The great problems that confront the American people at this time can not be settled by partisan shibboleths or by sectional clamors or class propaganda. It were an unmitigated evil that the affairs of state should fall within the control of any group with a propaganda, or of any class obsessed by an *ism* which subordinates every consideration of the public weal to the promotion of its pet and partial projects. One of the evils of these times in public life of our country is the formation of numerous groups

in the country, each with some special project or propaganda, and each attempting to seize the power of the Government and make of it an instrument to impose its projects upon the people.

Sectionalism in its day was an evil thing. It was the cause of a great war between geographical divisions of the country, but sectionalism is not entirely dead to the appeals of patriotism. The man who is obsessed with the narrow projects of a class, a group or a special party can not be appealed to from that standpoint. His country means nothing to him. There is a class which professes to have a greater fellow feeling for aliens in foreign countries than for its own neighbors. In the distorted conception of such a man his neighbors do not belong to his special class, and being himself in the minority, he sees the majority of his fellow-citizens whose views dominate the Government, as reflecting only the will of people with whom he had nothing in common and whose policies, although conceived in the public welfare, are but means of oppression and tyranny.

These are the men who call themselves internationalists. They are those who enjoy the protection of the Government, whose lives and liberty and property are assured by institutions of the State, but would use the very liberty the State guarantees to destroy the Government that guarantees this liberty. They are those who demand free speech and a free press in order that they may thereby destroy the Government which guarantees free speech and a free press. They are those who would make of the liberty which the Government guarantees a license to destroy the Government which is the very source of liberty.

And there are many who do not entertain these destructive views but who unwittingly apply the name "international" to their organizations and thereby lend color of aid, at least, to the deprecable internationalist propaganda that is so insidious in the country. Only the other day I picked up a paper and saw an announcement of the contentions of international unions. In this list there were names, "The International Longshoremen's Association, International Plate Printers' and Die Stampers' Union, International Stereotypers' and Electrotypers' Union, International Steel and Copper Plate Engravers' League, International Typographical Union, Restaurant Employees' International Alliance, International Steel Plate Transferers' Association, International Photo Engravers' Union, International Association of Fire Fighters, International Brotherhood of Electrical Workers, Metal Polishers' International Union"; and of course there are many others.

It is believed by many that it would be the part of patriotism if these organizations would eliminate the word "international" from their union name and substitute therefor "American." While nations and races are being drawn closer together and international fellowship is a goal for which all should strive, our domestic policies and our national concerns are not to be determined by

international organizations or international groups whose purposes might be the destruction of our nation and the comingling of all peoples in a colloidal mass. Related as we are to the world, we have interests of our own and problems and policies indigenous to American soil, which can be worked out only under the American flag.

No Woman Party! No Man Party!

THERE is a broad field for patriotic Americans to teach national unity and the interdependence of all sections and all elements in our country. All should understand that this is not a government of classes or groups, but a government of all the people and in the interest of all, and that sectional or class or group legislation or policies are not promotive of the general welfare. There is no place in this republic for a bankers' group or party, or a labor group or party, or a farmers' group or party, or a woman's party, or, for that matter, a man's party. We find agitators and faddists and radicals and visionary men and women projecting preposterous and sometimes dangerous policies, founded upon narrow or class or sectional conceptions. Instead of seeking to correct evils, real or imaginary, along rational and proper lines, they seek to promote discontent and disunion and to emphasize class or group consciousness and political, social or industrial schisms. There is much talk of a woman's party and legislation for women, and a labor party and legislation for the laboring man and a farmer's party and special and particular and class legislation for the farmer. In so far as this view is manifested, it is in my opinion an undesirable symptom in our social and political organism. Equal and exact justice for all and special privileges for none is an axiom for our political guidance and to determine our industrial and economic policies.

The banker and the man of big business can not say to the bookkeeper or to the man at the loom: "I have no need of thee," nor can the farmer or the cotton planter say to the urban population and to the manufacturer: "We have no need of thee."

It is the duty of all those who labor—of the farmers, the foresters, the fishermen, the miners, the manufacturers, the business men, the artisans, and craftsmen and professional men of all kinds—to strive earnestly for the welfare of our common country and to make it great in honor, in power and in wealth.

What health is to the natural person, wealth is to the country. It is the manifestation of progress and of sound political life. Without it there can be no prosperity for the people. It is more important that the production of wealth and economic growth be constant in their operation and that they be entirely equal in their distribution. Equality of opportunity and the application of the highest principles of justice will not result in equality of distribution or possession of wealth. While the ideal state may postulate equal division of property, no system of government, no matter how perfect, will attain such results. But equality of distribution

may be approached where the processes of production are themselves unimpeded. Those who would stop production on the specious plea of greater equality of distribution will but bring down the whole country to calamity and distress and overwhelm the whole people in famine and misery.

The indiscriminate denunciation of capital or of wealth which constitutes the stock and trade of many agitators and which has done much to foment discontent and industrial unrest, will not produce wealth or improve economic conditions. The wealth of the rich is a part of the wealth of the country, and those of limited resources are better situated in a rich country than is a poor man in a poor country. It were better that there be millionaires than that we have no cities or ships upon the seven seas, no mighty bridges to span our great rivers, no great system of railways traversing the land, no factories with their thousands of chimneys which manifest the conversion of our resources, of fuel, of raw materials and of work into the manufactures and products which enrich the world and sustain the lives of millions of people in the land where formerly roamed a few thousand savages who left only foot tracks in the wilderness.

If America is to be united it must be from the basis of adherence to the fundamental political principles which were established by the fathers of our independence and the founders of our Republic. The statesman who stands out above all others

as the embodiment of patriotism and who never allowed himself to espouse partisan views or projects is he who we acclaim the Father of his Country. We should recur to his farewell words at this time:

The unity of government which constitutes you one people . . . is a main pillar in the edifice of your real independence, the support of your tranquillity at home, your peace abroad, of your safety, of your prosperity, of that very liberty which you so highly prize. This government, the offspring of your own choice, uninfluenced and unawed, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy . . . has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of pure liberty. . . . The very idea of the power and the right of the people to establish government, presupposes the duty of every individual to obey the established government. All obstructions to the execution of the laws, all combinations and associations under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberations and actions of the constituted authorities, are destructive of this fundamental principle, and of fatal tendency. They serve to organize faction, to give it an artificial and extraordinary force, to put in the place of the delegated will of a nation the will of party, often a small but artful but enterprising minority of the community, and, according to the alternate triumphs of different parties, to make pub-

lic administration the mirror of the ill-concerted and incongruous projects of faction, rather than the ultimate consistent and wholesome plans designed by common councils and modified by mutual interests. . . .

The words of Washington as to the inherent evils of unreasonable partisanship are all the more to be applied to the groups and factions which upon one *ism* or another are being formed in our country today. These groups should not be allowed to make progress in their schemes for the control of their country or for the subordination of the people to their destructive demands. They must learn there is no place in America for any *ism* other than Americanism, that there is no room in this country for an *imperium in imperio*, and that the American people are resolved to maintain the integrity of the Government and of our republican institutions against the destructive propaganda of alien groups, of selfish factions and of self-conscious classes, and against every other schismatic scheme to impose the will of a disloyal and unpatriotic class upon the country and the people; and that we are resolved to go forward in the faith of the fathers to vindicate the principles of liberty before all the world and to preserve in their integrity the rights and liberties which have been committed to our keeping by the gallant men who pledged their lives, their fortunes and their sacred honor that America might be free and that the liberties they wrought might be transmitted unimpaired to their posterity.

Where Your Ice Bill Money Goes

Some results of the first intensive study of the costs of delivery of that perishable commodity—Service under varying conditions the problem

SAYS MRS. A. to her ice man:

"Leave me 50 pounds of ice a day. Put it on the steps and the maid will put it away. Send me a bill once a month."

Says Mrs. B. who lives in a seventh floor apartment:

"Call up when you come and I'll let you know what I need, and I want you to come up and take the ice off the dumbwaiter. I'll sign the card when I see what I get."

Which customer is the more profitable? The answer to that is plain, but how much more profitable is a harder question and one to which, until recently, any answer was a guess and perhaps not a very good guess.

That phrase "until recently" is used because there has just been published the results of the first careful study of the cost of ice deliveries, including everything, made by George L. Bennett for the Ice Publicity Association of New York. The association is made up of thirteen companies who deliver ice to large and small consumers in the boroughs of Manhattan and the Bronx.

These companies felt that they knew too little about their costs of delivery. They felt rather than knew that some forms of service were at an actual loss while others were unfair to the consumer. So they appointed a committee which from time to time "reported progress" and let it go at that. Finally Mr. Bennett, a consulting engineer, was called on and he and his staff spent the greater part of a year at the work. To determine one factor, "time spent in delivery during which the driver is busy delivering and vehicle stands still before customer's door" some

37,000 time observations were made. The time taken in going from customer to customer and in going for loads was computed from the record books of the company.

But the real work was on that elusive first factor, the time spent on the individual customer. Conditions of delivery varied almost indefinitely. One customer wanted much service, another was content with little. The location of the customer's residence and the method of payment were obvious factors. In the end it was found possible to reduce the delivery systems to eight classes. At the extremes were the two outlined in the opening paragraphs. Put in the language of the engineering report they follow:

Curve VIII—Inquiry by dumbwaiter. Dement or inquiry by open door, street level or one-half flight, delivery curb or dropped; single pieces; no accounting on spot.

Curve VIII—Inquiry by dumbwaiter. Delivery by dumbwaiter, ice man going up and takes ice off. Card marked or no accounting on spot. Single pieces.

Between these were half a dozen other classifications, but these extremes are enough to show the nature of the investigation and to give the basis of some cost conclusions reached. What, then, does it cost the ice company to deliver a 50-pound piece of ice under the conditions outlined in I and VIII? For I, 12.96 cents; for VIII, 34.30 cents.

Those are the extremes. Between them lie varying cost figures. It is obvious that it costs more to deliver fifty pounds than it does twenty-five; one hundred pounds than fifty. It is scarcely less obvious that there is not an arithmetical proportion, that fifty

pounds won't cost twice as much to deliver as twenty-five pounds or 100 pounds four times as much. How do the figures run? By method I, that simplest way of leaving ice, it costs 9.23 cents to deliver 25 pounds of ice; 12.96 to deliver fifty pounds; 20.05 cents for 100 pounds; 32.75 for 200 pounds. By the most expensive upstairs method the costs for twenty-five, fifty and 100 pounds were 23.50, 34.30 and 47.20 cents.

At this point one is inclined to stop and inquire: "Well, what of it?" A good deal to the ice man, something to the consumer and perhaps a little lesson to other lines of business that are still working in the dark. There is one plain use of the figures—on the defensive work of the ice man. Quite as much as any of his fellow dealers in necessities he has been pilloried as a profiteer. The ice man has known that a large part of his receipts went into delivery, but until this study was made, it was not possible for him to tell how much. Now he knows.

Moreover, he knows now what perhaps he only guessed before, that in the words of the report:

It is fairly certain that many of the smaller pieces are delivered at a loss and that if the price per hundredweight of ice were raised high enough to overcome this, that the price per ton would be so high as to cause public unrest and a strong opposition from the larger customers. It would also promote new competition. And yet as it stands it is taking money from those who buy in respectable quantities to give ice and service to small buyers at less than cost.

Rating Our Foreign Customers

What countries buy and what we sell them graphically told—We are still leading the world in goods sent to South America—The pick up in August

When an American business man reads this as a partner in the concern (which he is) he gets a thrill. "How's business?" Is Mr. Cuba still our third best customer? Is Argentina and Brazil, Inc., taking more of its orders to our competitor across the street? What's the wheat department doing? What's happened to hams and shoulders? And as to the purchasing end how much manganese are we buying now? Raw silk?

Don't you get the thrill, sitting in on the running of this big composite venture, which means to each of us individually a dividend or assessment?—THE EDITOR.

THE FOREIGN TRADE of the United States is not the "war baby" that so many casual observers might have us believe. Before the war our exporters in many lines, specialties and staples, were holding their own with competition from other countries. The probability of our losing our wartime preeminence in Latin American trade, Germany's rapid recovery of her old hold, Britain's unremitting advances—we might be inclined to bow to the inevitable and start all over, if it were true that our "place in the sun" of foreign trade had been gained as a result of the war. As a matter of fact, however, we had a grip on that trade before 1914.

Look at the figures. In 1913 the total imports into Latin America from all countries amounted to \$1,322,000,000. One-fourth of this total, 331 millions, came from the United States. The United Kingdom was second, with 323 millions, or 24 per cent; and Germany was a poor third with 219 millions, or 16 per cent. France contributed 110 millions, or 8 per cent. Today the United States is still in first place, notwithstanding the fall in prices.

Our exporters did well in pre-war times. Canada got 65 per cent of her total imports in 1913 from us; Mexico 48 per cent; Cuba 53 per cent; the United Kingdom 20 per cent; Argentina 15 per cent; Brazil 16 per cent. Even China got 6 per cent.

Some business men like to apply the batting average test to their individual customers. In the chart

OUR BEST CUSTOMERS, JAN.-AUG. 1921

	Value	Per cent of total
1. UNITED KINGDOM	\$660,000,000	20.7
2. CANADA	\$417,000,000	12.9
3. GERMANY	\$263,000,000	8.2
4. MEXICO	\$171,000,000	5.3
5. ITALY	\$158,000,000	4.9
6. CUBA	\$150,000,000	4.7
7. FRANCE	\$141,000,000	4.4
8. JAPAN	\$133,000,000	4.1
9. NETHERLANDS	\$132,000,000	4.1
10. ARGENTINA	\$108,000,000	3.3
ALL OTHER COUNTRIES	\$905,000,000	28.0

below, "Our Best Customers," we have given the rating of the principal customers in the foreign field, and have also shown in the chart, "Our Chief Exports," what they have been buying during the past eight months.

The unevenness of business in the world today seems to be typified by the erratic curves of our exports and imports for the past twenty months shown in the larger chart. The great slump in values of our exports during the first half of this year with the hopeful upturn in August is clear. Noteworthy as indicating how much our export trade depends on Europe is the striking similarity of the curve for Europe to the curve of the total exports. Hardly any differences exist. As is indicated by the lines of average monthly exports and imports for 1913 our present values are well above the prewar figures.

A COMPARISON of the quantities of our exports for the first eight months of 1921 with the similar period of 1920 shows that, out of seventy-eight chief commodities for which quantity figures are available, forty-seven showed declines and thirty-one gains over last year. The only changes during July and August were a gain in the exports of hams and shoulders, chiefly to the United Kingdom, increased exports of starch and a decline in prune shipments.

Despite the severe fall in the price of sugar, that commodity still tops the list of our imports, although raw silk is steadily gaining. For the first eight months of 1920 sugar far outdistanced all competitors, amounting to

20 per cent of the total value of the imports, as against 11 per cent during the same period of 1921. On the other hand, last year raw silk accounted for only 6 per cent of the imports, compared with 9 per cent for the January-August period of 1921.

The twenty-five chief imports, which account for two-thirds of the value of our total imports, are as follows:

Sugar, \$195,000,000, or 11.5 per cent.
Raw silk, \$158,000,000, or 9.5 per cent.
Coffee, \$93,000,000, or 5.5 per cent.
Print paper, \$55,000,000, or 3.3 per cent.
Unmanufactured wool, \$54,000,000, or 3.2 per cent.
Rubber, \$47,000,000, or 2.8 per cent.
Hides and skins, \$45,000,000, or 2.7 per cent.
Returned articles, \$41,600,000, or 2.5 per cent.
Crude petroleum, \$41,300,000, or 2.4 per cent.
Leaf tobacco, \$38,000,000, or 2.3 per cent.
Wheat, \$31,000,000, or 1.8 per cent.
Burlaps, \$29,000,000, or 1.7 per cent.
Furs and skins, \$28,000,000, or 1.7 per cent.
Lumber, \$25,000,000, or 1.5 per cent.
Copper pigs, ingots, bars, etc., \$22,000,000, or 1.3 per cent.
Wood pulp, \$21,000,000, or 1.2 per cent.
Woven silk fabrics, \$19,000,000, or 1.1 per cent.
Diamonds, \$18,000,000, or 1.1 per cent.
Crude cocoa, \$17,000,000, or 1 per cent.
Fish, \$16,900,000, or 1 per cent.
Cotton cloths, \$16,300,000.
Nitrate of soda, \$15,000,000.
Unmanufactured cotton, \$14,700,000.
Bananas, \$13,300,000.
Pulp wood, \$13,100,000.

Very few changes have taken place in the volumes of imports from the situation at the end of June. An analysis of the quantities of sixty-five articles shows that there were twenty increases and forty-five declines, imports of raw silk gaining during July and August, while coffee, manganese, and lead declined.

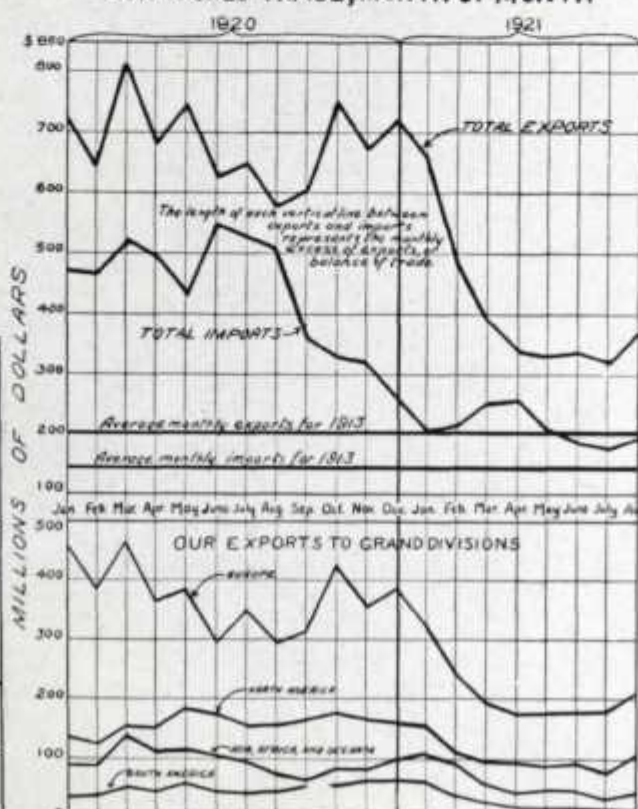
Heavy imports of wheat have placed Canada in first place among our sources of supply, with Cuba, United Kingdom, Japan, France, Mexico, China, Brazil, India, and Germany making up the first ten suppliers.

OUR CHIEF EXPORTS, JAN.-AUG. 1921

	Value	%
1. Wheat	\$339,000,000	10.3
2. Raw cotton	\$274,000,000	8.3
3. Lard	\$150,000,000	4.5
4. Coal	\$134,000,000	4.0
5. Flour	\$83,000,000	2.5
6. Lard	\$81,000,000	2.4
7. Iron ore	\$68,000,000	2.1
8. Corn	\$67,000,000	2.0
9. Lumber	\$65,000,000	1.9
10. Autos	\$61,000,000	1.8
11. Bacon	\$54,000,000	1.7
12. Copper	\$53,000,000	1.6
13. Nightingale	\$51,000,000	1.5
14. Iron pipe	\$50,000,000	1.5
15. Gasoline	\$40,000,000	1.2
16. Cotton	\$46,000,000	1.4
17. Sugar	\$40,000,000	1.2
18. Iron & steel	\$39,000,000	1.2
19. Hides & skins	\$36,000,000	1.1
20. Rye	\$36,000,000	1.1
21. Fuel oil	\$35,000,000	1.1
22. Agricultural implements	\$33,000,000	1.0
23. Boards	\$29,000,000	.9
24. Condensed milk	\$24,000,000	.7
25. Lard	\$24,000,000	.7

These 25 articles account for 58% of the total value of our exports

OUR WORLD TRADE, MONTH BY MONTH



Charts prepared by F. T. Denison, Foreign Commerce Department, United States Chamber of Commerce

The Battle Line of Finance

The first story of how the "money committee" scattered or withheld funds as the best interests of the country demanded it in the dark days of 1917 and 1918

By JOHN BURNAM

WHEN KNIGHTHOOD was in flower, waging war was a comparatively simple matter. After levying on each baron for a certain number of men-at-arms, a certain number of horses, a certain quantity of forage and food and so on, the feudal king set blithely forth, leaving the civil population to shift for itself. Credit institutions were unknown in those gallant days, and nobody worried about advancing price levels.

Modern wars are more complex, and they are fought as effectively in the home trenches as in the front lines. The manipulation and manufacturers of credit are as vital as the maneuvers of armies. The strategy of Wall Street was as important during the World War as the strategy at Chateau Thierry, and not without its drama, although next to nothing was known about it.

"Now," as Sir Philip Gibbs would say, "it can be told." For the full facts have just come to light about the operations of the Federal Reserve System, which was to the financial forces of the United States what Pershing's headquarters were to our armies in France; and the autocratic power patriotically exercised by a semisecret and extra-level "money committee" in New York has been clearly revealed. At one period this committee supplemented funds on the New York Stock Exchange to avert a collapse in security values; at another time it withheld funds to avert an orgy of speculation, and its autocratic control was not lifted until persistent public opinion demanded it.

Before the "money committee" was formed, the Liberty Loan Committee became apprehensive lest the large withdrawals of credits from the Stock Exchange might cause high money rates and precipitate a break in the market, perhaps a panic; because clearly there must be a way for those who wished to buy Liberty Bonds to dispose of other securities at fair prices, in order to put themselves in funds. So certain members of the committee made up among their own banks a sum to take the place of money withdrawn by other banks which feared they would need it in carrying their own share of the government issues.

But the tendency of this was to put the entire Stock Exchange account into the hands of ten or twelve large banks, and so, after some preliminary conferences, a fund of one hundred millions was supplied by a group of sixty-five New York banks, with a contingent fund of the same size, and this was put at the disposal of the Liberty Loan Committee to nurse along the Stock Exchange. The loans were not actually made by the committee. It merely exercised control over the loans made by banks on their own account.

Even this was unsatisfactory. The scheme bore unevenly on certain institutions, and some of them, which did not want to make the loans, felt that to do so was obligatory. It was to meet this situation that the "money committee" was brought into being about the middle of September, 1917.

Daily reports were required by this com-

mittee from all the banks and trust companies in New York City regarding their credits on the Stock Exchange. It was found that the amount outstanding was about \$450,000,000, and the "money committee" managed this as a kind of reservoir, undertaking to keep the loans at that level. In order to do this, the two million dollar fund in its hands was available for replacements of withdrawals. When credit was siphoned out of the reservoir, the committee made good the deficiency.

Although the chairman of the committee was governor of the Federal Reserve Bank in New York, and its members represented some of the biggest member banks there, its power was derived from another source. It was the kind of authority Mr. Hoover exercised when he rationed the public by appeal rather than by legislation. It was an authority conferred not by law but by common consent. But all the committee's steps were taken with the approval of the Treasury and may be regarded as a result of the direct relationship between the United States Treasury and the Federal Reserve banks. The banks were selling the loans of the Treasury and formulated their policies on instructions from Washington. Besides Benjamin Strong, governor of the New York Federal Reserve Bank, the chairman, the other members, all of New York banks, were as follows:

James B. Alexander, president of the National Bank of Commerce; George F. Baker, chairman of the Board of Directors of the First National Bank; Walter E. Frew, president of the Corn Exchange Bank; Gates W. McGarragh, president of the Mechanics and Metals National Bank; Charles H. Sabin, president of the Guaranty Trust Company; Frank A. Vanderlip, then president of the National City Bank; the late James N. Wallace, then president of the Central Union Trust Company, and Albert H. Wiggin, president of the Chase National Bank.

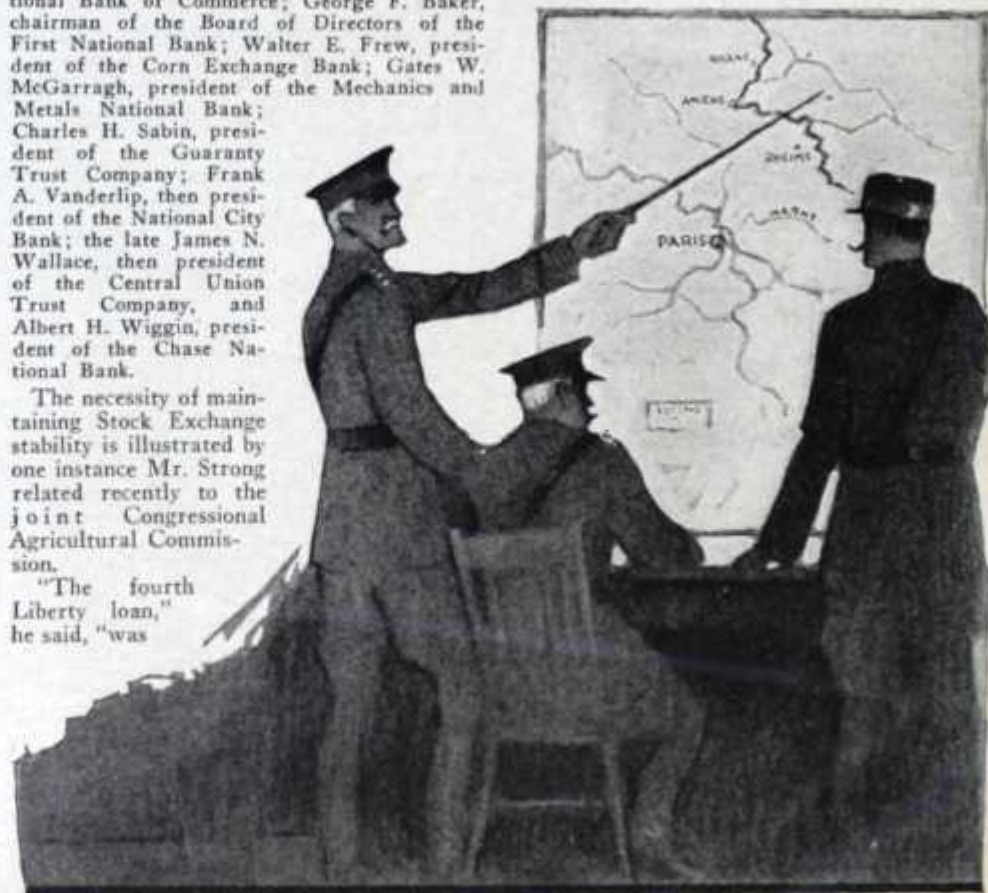
The necessity of maintaining Stock Exchange stability is illustrated by one instance Mr. Strong related recently to the joint Congressional Agricultural Commission.

"The fourth Liberty loan," he said, "was

the one in which we had the uneasiest times, because then everybody felt peace was at hand. We feared a loan failure in New York; we were very much afraid of it. We took the statements of the six largest life insurance companies in our district—and they are the largest in the country—analyzed them and figured how much their cash resources were; how much their income was; how much they had invested already in previous war loans; what their liabilities were—their payments to policyholders; that is, what they were shown to be on an average.

"The presidents of those six life insurance companies came to my office. I explained the situation to them. They pointed out to me that they had already subscribed \$70,000,000 to the four loans, but as a result of representations we made to them they increased their subscriptions by \$180,000,000 at that one meeting. Now, the one thing we had to assure those life insurance company presidents was that if they made this subscription, and the time came when they needed to borrow the money during these periods of months or years, would they be protected? Would they get the money? And we had to agree, if they made these subscriptions, and had to make borrowings from the banks, we would take care of them, and we did.

"Now, what position—and I use this to illustrate the point—what position would we



have been in with investors generally had we attempted to negotiate these enormous loans at a time when security values were crumbling? I think we would have had a very serious and difficult time."

This makes clear why it was necessary to prevent a precipitate decline of securities, with resultant country-wide uneasiness and difficulty in floating long-time government loans. But in less than a year a wholly different situation arose. The Stock Exchange scents such changes more quickly, perhaps, than any other community; and in August, 1918, it began to have the "feel" of Allied victory. Then swiftly there developed an eager spirit of speculation, a mad scramble to take advantage of the prospect of rising prices.

Dramatically the function of the "money committee" was changed. It became suddenly necessary, instead of feeding the Stock Exchange, to starve it. The word went forth that members of the exchange must not increase their loans. They were not permitted to extend them, because extension would have meant activity in speculation and a rapidly rising market. The "money committee" took over control from the Business Conduct Committee of the Stock Exchange arbitrarily, whether or no it had legal authority for so doing; and the members of the Stock Exchange, it should be said in fairness to them, assented willingly.

But if the Wall Street traders were bidable, there was not a like complaisance everywhere. On the contrary, a melodramatic element was injected into the situation by anonymous threats—one in red ink—sent to Mr. Strong, who had signed some public statements as head of the committee. There was an anonymous correspondent, for instance, apparently living in Reading, Pa., who wrote more than once that if Mr. Strong didn't look out he would be blown up.

"Of course," said Mr. Strong, "the let-

ters were written by an ignorant person and must be regarded as coming from such a source, but it gives evidence of the feeling of the people at that time."

Early in January of 1919 a strong belief developed that the country was facing a reaction in business, owing to the decline of business, cancellation of government contracts and of private orders for goods, and unemployment as war industries shut down. The demand that the committee relax its control grew more insistent; and the group of men who composed its membership began to find their position uncomfortable. They had assumed a responsibility toward the Stock Exchange and the money market which subjected them to much criticism. Bitter attacks were leveled at them, and they were anxious to be quit of a duty which they had undertaken from a sense of duty, and in which they found themselves vulnerable to criticism.

Members of the Stock Exchange themselves became impatient of the restraint which was being exercised and coincidentally a cry for "business as usual" swept over the country. It may be clear now that to have disregarded that cry would have been best for everyone concerned, because while the "money committee" exercised its control it proved extremely beneficial. But the public was weary of being harassed in this way. And as the date of January 10, 1919, approached, when one of the limited periods governing the arrangements between the committee and the associated New York banks was about to expire, the situation was made known to officials of the Treasury, who agreed that there were no longer reasons weighty enough to warrant continuing the control. The signing of the armistice had brought peace merely in a military sense, not in a financial way; but the public temper, it was clear, would no longer submit to the exercise of an authority which had no basis in legislation. The committee's activity ceased on January 19 of that year.

The complete narrative of these facts was first given by Mr. Strong when he appeared before the Agricultural Commission, of which Representative Sidney Anderson is chairman. Incidentally, as the man who had done more than any one other person during that period to stave off speculation in the United States, Mr. Strong's observations on speculation are interesting:

This leads us into the whole subject of the

philosophy of speculation and the difference between speculation and investment, where the demarcation line lies, between what is legitimate and illegitimate buying on borrowed money.

I will not assume to express a very definite opinion on that subject, but there appears in every transaction, almost, undertaken by business men, to a greater or less degree, the element of speculation, and I would regard the element of speculation at least in those transactions where the element of human labor is exercised in a great degree in production. The labor of the farmer on the one-horse farm or the one-mule farm probably represents the least speculative production that can be described, because that farm is operated by the direct labor of the owner or the tenant and his family, and what is produced there is almost all by labor.

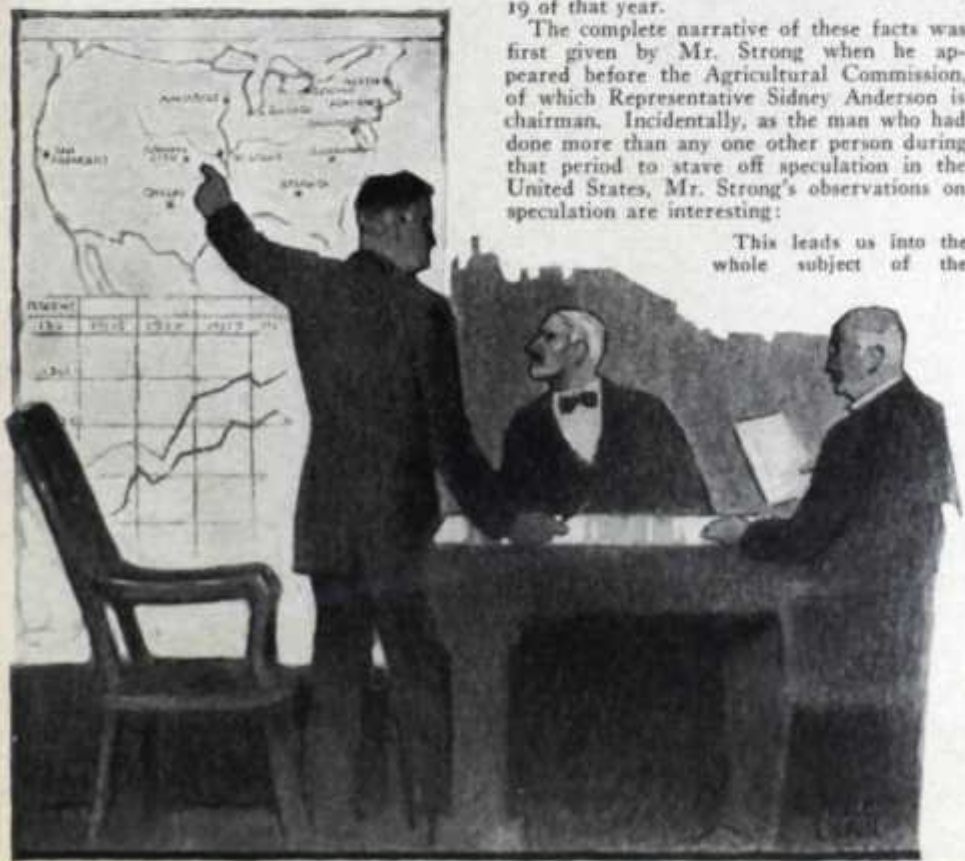
At the other end of the line is the minimum of effort or labor that produces profit, that of making capital reproduce itself by judicious investment or enterprise—and that is expressed in its extreme form in the purchase of securities speculatively.

Merely as an expression of my own views—many men differ from me in this—it seems to me that even in its most extreme and what you might call its most objectionable form, it nevertheless has its place in this great economic fabric of the country; that to some extent justifies it as being the means by which things find their natural values.

From the organization of the Federal Reserve System after the outbreak of the war until our entry, in April, 1917, American production and export trade increased prodigiously, and there were great accessions to our gold stock. Prices began to rise because of competitive buying in our markets. There was no system organized by law to deal with such a situation, but the Federal Reserve Bank in New York did make an effort to prevent unwholesome expansion and the price increases which were certain to result from it. This was the first step in its strategy. Hundreds of millions of gold was purchased, both that which was imported from Europe and that in circulation here, and reserve notes were issued against it. Federal Reserve notes do not count as reserve in the vaults of a member bank and could not be made the basis of fresh expansion, as gold could. Subsequently all the Federal Reserve banks followed that policy.

But after the United States entered the war, and until the armistice was signed, there was a second period during which the policies of the Federal Reserve Bank in New York were necessarily controlled by the unprecedented demands for credit to meet the Government's requirements. The Government was borrowing approximately eighteen billions a year. At one time the war-time expenditures ran as high as two billions a month. To say that the people of the United States have a saving power of six billions a year is to offer a liberal estimate. But of this amount about half is required for reinvestment in plant and enterprise. Therefore, to raise eighteen billions for the Government there must be an expansion of credit, a necessary and unavoidable expansion. At whatever cost, government needs had to be met. The Reserve banks and the "money committee" saw that this was done.

Although the "money committee" did not relax its control until early in 1919, a third period manifested itself during August of 1918—an era of post-bellum expansion, speculation and extravagance. This continued until the summer of 1920, and for the next six months there was a period of declining prices and general liquidation. Since then there have been readjustment and gradual recovery.



The "Open Door" and Business

"Spheres of Influence" in the Far East touch your pocketbook, and will be much discussed at the armament conference—This takes the mystery out of some diplomatic terms

By SILAS BENT

DIPLOMATISTS, like men of medicine, move in a mysterious way. Thus discussions of the Open Door, although the phrase is on every man's lips as the conference on Pacific problems and the limitation of armament approaches, are couched in terms as disconcerting as a prescription for paregoric. The Open Door is one of two established American diplomatic policies. It is the sole fixed eastern point in our foreign relations, just as the Monroe Doctrine is the sole fixed southern point. There need be no secret about either of them.

The haze about the Open Door arises partly from the fact that it is considered as a rule in its relation to international politics, rather than to everyday business—its relation to the bank balance of the Cincinnati soap maker, say, or of the Portland lumber dealer, or of the Moline plow manufacturer. It is my purpose here to tell how it affects the business man; but as an introduction to this phase, and as an illustration also of the larger diplomatic aspect, it will not be amiss to relate an experience which befell William F. Carey of the Siemens-Carey Railway and Canal Company, a subsidiary of the American International Corporation:

Mr. Carey went to Peking soon after Paul S. Reinsch, then American minister to China, had come to Washington in 1916 with the avowed intention of enlisting American capital in the development of that country. In a short time Mr. Carey obtained six concessions from the Chinese government. One was for dredging and improving the Grand Canal, and the others were for these railway projects: A line into Szechuan from the Han Basin; another following the bend of the Yellow River in Inner Mongolia; a line into the remote province of Kansu, another in the province of Chekiang, and another in the Island of Hainan, between the Gulf of Tongking and the China Sea.

Playing with Dynamite

IT was Mr. Carey's debut as a concessionaire, and he did not realize that all Peking was abuzz over his acquisitions. But during a visit to the Russian legation he found out. The chargé stood with him before a map of China and in friendly fashion interpreted that republic's geography. He explained that the Yangtze Valley was English, meaning that it was a British sphere of interest; that Yunnan and Hainan were French; that Fukien and Manchuria were Japanese; that Mongolia was Russian; that Macao was Portuguese, and so forth. Mr. Carey scrutinized the map a moment in silence. Then he asked:

"But where in hell's China?"

One of the unspoken purposes of the forthcoming Washington conference is to find out where China is. Another is to find out where in hell (if Mr. Carey's phrase may be appropriated) American business is. For the concessions granted to this American business man transgressed in every instance another nation's privileged territory. The Grand Canal runs through Shantung, and Japan would not have permitted American

ONCE in every 30 often letters come to THE NATION'S BUSINESS asking questions about the approaching conference on Pacific problems and armament, but oftener than any other the inquiry is in regard to the Open Door. Here is a frank affirmation which may be taken as a fair sample:

Why is it that discussion of economic issues in the Far East must precede disarmament? I'm just a plain business man, and if limitation of armament will reduce taxes I'm for it strong. But what has the "Open Door" got to do with it? I'm free to own I don't know what the "Open Door" is, but my friends talk about it as if they did, and I'm ashamed to display my ignorance. Can you tell me briefly what it is and what it has got to do with disarmament, and what it means in my young life?

Candor so creditable merits a candid reply. The article herewith tells just what the Open Door is and how the "closed" door touches the American business man's pocketbook.—THE EDITOR.

enterprise there without serious protest, any more than Great Britain, or France, or Portugal, or Russia would have permitted invasion of their "spheres." Japan and Russia at once negotiated a new offensive and defensive alliance. Grave representations were made to Washington from the several capitals. The concessions, it was clear, could not be exploited on American initiative. China, playing her cards thus to find out whether America would stand back of the Open Door, found out. America would not.

The seeds of war sown in "spheres of interest" constitute the diplomatic aspect of the Open Door, and the belief that those seeds must be upturned and sterilized before the nations can disarm led to the conjunction of Far Eastern problems with the disarmament deliberations. But "spheres of interest" is a nebulous phrase. Turning aside from the problems of diplomacy, let us see what it means to business.

Suppose, then, that the state of Kansas is a "sphere" of the city of Chicago. A treaty has been made with the United States, we will assume, either under threat of arms or through a deal with corrupt officials, whereby Chicago has preferential rights in that territory. The Chicago and Alton has built and owns all the railroads therein, and they are policed, probably, by armed Chicagoans. The International Harvester Company supplies all farming machinery, Sears-Roebuck does all the mail-order business, and so on.

How, if Deere and Company want to sell plows in Kansas, under these supposed conditions, they find that they must ship over a Chicago railroad, and that the Chicago

competitor gets rebates. They find that they cannot buy land, and must do business with a Chicago firm which, naturally, prefers to push Chicago goods. Even if they make customers, the deal must be through a middleman not always of friendly disposition. Not many merchants or manufacturers of Moline or elsewhere will persist in the face of such obstacles.

In that case, Kansas would be an example of the "closed" door. The state would not be open to all cities or all manufacturers and merchants on equal terms. John Hay, who inaugurated the policy, was aware of its commercial importance. "We are keenly alive," he wrote to Paul Dana of the New York Sun, "to the importance of safeguarding our great commercial interests in that Empire [China], and our representatives there have orders to watch everything closely that may seem calculated to injure us, and to prevent it by timely and energetic representations." His Open Door note to the chief Powers in 1899 sought to provide equality of commercial opportunity for all nations in China; and his note of 1900 sought the preservation of that country's administrative and territorial integrity. "All the Powers subscribed to this policy, and it has been written into treaties since then affecting the Far East; but it has all along been disregarded.

In Kansas and the other states of the Union we have the Open Door. It is open not only to all Americans, but equally to all Frenchmen, and Britishers, and Japanese, and Portuguese, if they want to do business here. We have discriminated against their goods at our seaports, to be sure, just as China collects customs at hers; but within our borders there is a fair field for all.

Delivering Under Difficulties

LET US consider a concrete example of the difficulties an American trader meets in leased territory in China: Carl L. Seitz is president of the China Import and Export Lumber Company, affiliated with the China Pacific Company, which operates Shipping Board craft to the Far East. A cargo of lumber was sold in Shantung, and the ship made the trip from Portland to Tsing-tau without mishap. At the Chinese port the dockmaster told the captain there was no wharf room for the vessel. The captain went aground and stepped it off. There was room for the ship, he said. But the dockmaster referred him to a higher official, and this official to another, until, after several days, he found himself in the presence of a Japanese general. Still he could not get permission to land; and the delay was proving so expensive that he summoned a representative of the firm by telegraph from Shanghai. There were several more days of negotiation, but without success; and finally the lumber was dumped into the harbor, lashed into rafts, and towed to shore by Japanese sampans.

This incident is not related as reflecting any more invidiously upon the Japanese than upon other nations having "closed" territory in China. Certain stories might be told of extraordinary quarantine devices for delay-

ing merchandise, of exorbitant dock charges, and so on. And railroad rebating is a matter of such recent date in the United States that we need not turn up our national nose when we find it going on in China.

If the Royal Typewriter Company sells some of its machines to a firm in Canton—or to any firm in South China—the goods must go through the port of Hongkong, which is British owned. Hongkong is an island, but there is no wharf space for sale there. The ship bearing the typewriters must find a British berth, and the consignment must go up the West River to Canton in a British steamer. As soon as it reaches Hongkong it is labeled as British goods. Perhaps the deal is financed through the Hongkong-Shanghai Bank, a British institution.

A Chinese firm in Yunnan, an interior province which is partly within the British and partly within the French sphere of interest, not long ago employed an American engineer, and he began buying American machinery, naturally enough, since he was more familiar with it. This happened within the French "sphere" and a protest was made, couched in such terms that the Chinese firm found it advisable to discharge the American.

Not long since, when the Federal Telegraph Company, an American wireless concern, attempted to do business in China, protests were made by the Japanese, British, and Danish governments. Nationals of those countries had obtained monopolistic wireless concessions from various Chinese administrations, and all were aggrieved. This was the occasion of the latest American note, sent

by Mr. Hughes, in regard to the Open Door; but, although the business men of other countries may obtain and exploit exclusive concessions, and have therein the backing of their governments, the Open Door policy makes it impossible for American business men to follow the same course. There was the case, for instance, of the Western Electric Company, which procured a contract granting it the monopoly of telephone and telegraph equipment in China. The company went into half partnership for this business with the Ministry of Communications, which is a Chinese governmental department. But when the concession was submitted to Dr. Reisch, he refused to approve it, because it was not in accord with the Open Door. The Western Electric is still doing business in China, but it has no exclusive rights.

So much for concerns selling goods in China. What about buying goods in leased territory?

American soap manufacturers use vast quantities of an oil made from the soy bean, grown in Manchuria. Makers of margarine and table sauces use other soy products. Mitsui and Company buy the beans from Chinese farmers, ship them over a Japanese-owned railroad to Dairen (formerly Dalny) and crush them in a Mitsui refinery. The oil is transported in Mitsui ships to Seattle, and there is in readiness for the American purchaser. Procter and Gamble, who use great quantities of the oil, buy it in Seattle. It might be profitable for so large a customer to obtain his own beans, refine oil from them on his own account, and transport it in his own ship or ships; but the difficulties in the

way of such an enterprise are apparent. And so every user of Ivory Soap in this country pays a fraction of a cent toll to the nation which claims preferential rights in Manchuria.

Such a claim of preferential rights, whether set up by Japan or another nation, carries as a rule the exclusive right to railroad construction and the supply of materials for it, as well as monopoly of new business enterprises. If there is pretense of admitting other nationals to a share of trade, it is but a thin pretense. There is usually a substantial foot behind the slightly open door. An energetic effort to shove it wide open might mean war. And the United States, although she has been ready on occasion to fight for the preservation of the Monroe Doctrine, has never been willing and is not willing now to fight for the Hay Doctrine.

Perhaps enough has been said to indicate the difficulties under which American business labors when trying to do business in certain parts of the Far East. The United States has never staked off a claim in China, and there is no prospect that she will. The system in effect there is the system commonly found in "backward" countries. It is contrary to sound business practice of an open field and no favors, and it is fraught, moreover, with grave peril of international friction and war. At the forthcoming conference the Pacific problems, aside from their military and naval phases, are likely to simmer down pretty much into the Open Door. The main question is whether it can be made actually effective.



Modernity, in the shape of a street car, invading a Far Eastern gateway. It is this commercial invasion which has

given rise to leased territory and monopolistic concessions, which the Open Door policy is intended to counteract

Right Side of Trade Associations

They've suffered in the public mind from the occasional group that has overstepped the law but as a whole they are doing a great constructive, useful work

THERE'S a half-formulated maxim in newspaper offices which runs about like this:

"There's news in vice. There's no news in virtue."

John Smith may lead his orderly life for 59 years and 364 days and never once get into the papers. But let him decide at the close of his sixtieth year to rob a bank or throw his grandchild over a cliff and all the world will be told.

A thousand cases could be cited to prove that there is news in a good deed, but its germ of truth that lurks in that other theory that is damning the trade association in the public mind. Men read of indictments, convict without trial and think of the trade association in terms of illegal price fixing with no thought and perhaps no knowledge of the hundreds of lawful, helpful activities that are the regular normal work of such a body.

This narrowness of vision leads to such a statement as this from Samuel Untermyer, who, as a prosecutor, has been dealing only with the charges against one small group of one class of industry:

The more I study this subject the more firmly I become convinced that these trade associations are the biggest factor in the high cost of living and that until they are either destroyed or regulated by law the people will get no substantial relief.

Contrast the views of Secretary Hoover:

All are agreed that the purposes and actions of the vast majority of national associations are a constructive contribution to public welfare. Their activity in promotion of better business practices, advancement of technical processes, simplification of production, standardization of quality, extension of foreign trade, commercial arbitration, etc., all make for more efficient industry and business. Many of them collect information as to the production, stocks of raw and other material, percentage of industry in active operation, total orders in hand—all of which, when available to the public, contribute both to stability and the increasing efficiency of industry and to the protection both of the smaller manufacturer and the consumer.

The public—even the business public—has heard too much of that first side until it has come all too often to vision the trade association as some recent development which has entered our industrial life with a sinister purpose of throttling competition and elevating prices.

The trade association is no new thing. We need not trace it back to the medieval guild to give it an honorable history of its own. The Stove Association celebrated its Fiftieth Anniversary last May. The Silk Association of America will be fifty years old next June. The Carriage Builders' National Association was also born in 1872; the Paper and Pulp Association goes back to 1878; the laundrymen have been cooperatively working since 1883, and the list may be greatly extended.

The trade associations in the United States, range from such organizations as the Amer-

What Changes Shall Be Made in the Anti-Trust Laws for the Public Good?

By FRANK K. NEBEKER

Former Assistant Attorney General in Charge of Prosecutions under the Anti-Trust Laws

What Is Fair Dealing Under the Law?

By C. M. NEFF

Trial Counsel for the Federal Trade Commission

Two articles of vital interest to every business man will appear soon in
THE NATION'S BUSINESS

ican Paper and Pulp Association, whose membership is made up of seventeen other associations, to bodies of men in one industry or one division of an industry. The importers of shellac unite for one purpose, the bankers for another. An alphabetical list by industries would show, under one letter, organ builders, oyster growers, and olive dealers; under another, railway supply men and rubber manufacturers.

What common objects bring into being this great group of business organizations? A tentative compilation of trade association functions made by the Fabricated Production Department of the Chamber of Commerce of the United States, from only a small number of reports, catalogued seventy-nine headings, from "adjustments" to "welfare."

From that list, we have taken these as a bird's eye view of the tasks the trade association undertakes to do:

Adjustments	Investigations, Technical (Testing, etc.)
Advertising	Labor Problem
Arbitration	Legal Advice
Classification	Market Reports
Collections	Materials, Raw
Compilation of Trade Information	Methods
Conservation	Patent and Trade Marks
Cost Accounting	Production Problems
Credit Bureau	Classified Buyers' Guides
"Distribution and New Markets"	Research
Eliminations of Excess Variety	Standardization
Elimination of Abuses (Trade Practices)	Statistics, Production
Employment Bureau	Style Bureau
Foreign Trade Service	Safety
Freight Classification	Technical Education
Industrial Bureau	Technical Information
Inspection Service	Trade Extension Work
Insurance	Traffic Department (Freight)
	Welfare

In truth, a list of the tasks a trade association may find to do would be as long as a list of the associations themselves for each industry. Sometimes they are extremely limited in their appeal, sometimes very

popular. The Compressed Air Society may make a technical study of lubrication, the result of long research, while the brick makers are seeking to popularize the building of small bungalows of their chosen material.

But, one and all, these tasks are primarily for the good of members. The trade association exists only as it serves the men of its industry. Maurice B. Greenough, secretary of the National Paving Brick Manufacturers, in a letter to *THE NATION'S BUSINESS* states the case effectively:

Unless the trade association does contribute directly or indirectly to the profit of its members, it cannot survive. It must accomplish such a result just as its individual members must earn a profit if they are to continue to do business.

You cannot have something for nothing, and a trade association may not exist for the purpose of public service unless there is a reactive service to the industry that maintains it.

The trade association is a means of aiding the prosperity of industries.

There is nothing ambiguous about it. It can have no other object and have an existence.

The fact that some trade associations have bent their efforts in the aid of their members along lines that are illegal or in violation of principles of honest relations with the public does not alter the fact of their object.

The trade association is simply the means of doing those things which the members individually must do for their own perpetuation, at their own expense, except that they do them jointly with other members of the same industry having like necessities, at less cost than anyone could do such things singly.

Yet a vast amount of the work of the trade associations does lend directly to the public benefit. An association which adopts and enforces a code of business ethics does so primarily for the guidance of its members, but a secondary but inevitable result is that the public is protected. The Fair Practice Code of the Association of Ice Cream Supply Men furnishes a ready illustration. Here are some things forbidden:

1. Misbranding of articles as regards materials or ingredients: "inferential misbranding," i.e., using trade names or descriptive terms which simulate trade names or descriptive terms of unadulterated or genuine goods.

3. Commercial bribery of customers by money, long-term credits, not in keeping with trade custom, excessive entertaining or any other means.

11. Selling food or a product to be put into food which, because of its nature or method of manufacture or for any other reason, violates a local, State or Federal ordinance or law.

Not a lone instance; many other associations have prepared and enforce such codes. Many also have a semilegal function in providing means of arbitration of disputes among members. Typical is the Silk Association which has an Arbitration Committee to hear and determine the more involved cases and a Bureau of Adjustments and Complaints for "get-together" settlement of misunderstandings. During 1920, 25 per cent of the

cases that came before it was from non-members.

Something has been said of the activities of the brick associations. There is a very definite instance of organization work, intended to benefit members, and yet serving the public at the same time. The American Face Brick Association is persistently trying to convince you and me that we ought to build with brick. Associations of makers and dealers in other building material are quite as busily engaged in spreading the truth about their industries. And so long as the work is done properly the public is educated and not misled.

The face brick men have developed for the use of the prospective home owner an architectural service consisting of some two hundred separate designs for small houses. For any design which pleases the prospective builder the association furnishes, at a nominal cost, working drawings, specifications, and bills of material. These designs have been planned by numbers of architects throughout the country. The actual cost to the association for the above plans was in the neighborhood of \$35,000.

Another example of association cooperation is also furnished by the brick men. Four organizations of makers of burned clay products are working with the Bureau of Mines and Standards to cut down fuel wastes. Fifty to 60 per cent of the units of heat now go up the chimney unused, and, since the burned clay industry ranks next to the railroads as a user of fuel, the possibilities of saving are plain. Coal saving, while it puts money in the manufacturer's pocket, is, in the long run, a public benefit.

That vast body of men—and women, and children—the automobilists, have their own associations, local, State and national, which look out for their interests in a hundred ways, yet they are indirectly served by two great groups of business men, the National Automobile Chamber of Commerce, and the Rubber Association of America. The standard warranty of the former body is one protection for the buyer which is urged upon the seller for his own good.

Automobile insurance is another matter which the chamber is working on. Rates are high—the insurance men will concede that—but, they explain, there are too many dishonest and careless owners. Can the sheep be separated from the goats? Can A, who is a careful head of a family, and a business man, pay only the fair rate for his risk, while B, reckless and sometimes dishonest, is left uninsured or made to pay a proper rate? If it can be done, it will be largely because such a body as the Automobile Chamber gets at the problem.

One enemy of the automobile owner is the dishonest dealer in tires. He is the man who sells "seconds" as new, who markets, as high-grade stock, stale tires returned from army supplies. He's in every city, and the Rubber Association is always after him.

Conservation of natural resources is one of the "public good" problems which engages the attention of a number of associations, not—and this is repetition—solely or primarily out of regard for the public but because the men who head these associations are far visioned enough to see that the public good is their good. The National Lumber Manufacturers furnish an example of this work. With affiliated associations, they are working with the Government on a national forest policy. Another committee is busy with plans which shall cut down waste by the more complete utilization of the raw material of our forests.

That feature of cooperation with Government is one of the useful duties of the modern trade association. It can speak with authority for a whole industry; it can pledge support of an effective organization. In a list of the activities of the National Coal Association, stress is laid on the cooperation of its officials with "such government agencies as the Bureau of Mines, the Geological Survey, the Post Office Department, and the United States Shipping Board."

The National Implement and Vehicle Association finds a fertile field of activity along like lines. With them, the Departments of Commerce and Agriculture are chief points of contact.

Studies in cost accounting have been one of the most helpful of the tasks of the modern trade organization. As the acting chairman of the Federal Trade Commission phrased it in a letter to the Fabricated Production Department of the National Chamber of Commerce:

The conception of the Commission is that the efforts of a trade association to educate the individual member in the application of sound principles of cost accounting in his individual business are proper. But that any subsequent effort of the association to reduce the individual costs to an average or uniform cost basis and to procure the use of the group standard as a basis of price making for each of the individuals of the group is improper. The individual must fix his own cost and his own margin.

Cost Accounting as a Public Good

THERE is evidence—and the correspondence just referred to is part of that evidence—that the trade associations and the Government are reaching a better understanding of what may and may not be done. At first thought one might feel that is a far cry to link cost accounting with the public good, yet the secretary of one large trade association provides the argument:

A factory which makes money is a decided asset for any community. Conversely, the failure of an enterprise has an adverse effect directly or indirectly upon every member of that community. . . . We see a great many stories about the average short life of the American business enterprise, but during the writer's business career of some twenty-five years he has never seen a failure of a manufacturing property honestly and fairly efficiently administered and at the same time supported by an accurate cost finding system.

Such work as cost accounting naturally leads to other economic studies. Statistical bureaus are features of many of the large organizations. Not infrequently the Government draws on them for information. An interesting piece of work is being done by the Machine Tool Builders' Association, whose general manager is compiling unit sales figures from typical groups, going back twenty years. It is the hope that such a compilation will show the effect of each business cycle in this period and the approximate long-time trend.

This article has no purpose of indexing trade association activities. It did seek to show how, consciously or unconsciously, many of these activities affected the public and affected them for good. The list might be long drawn out. It might describe the activity of the Dyes Institute for safeguarding the shipment of dangerous chemicals or of the Music Industries in spreading interest in good music.

There is, however, one feature of the trade association which deserves a wider recognition, and that is what might be called the diplomatic side, the serving as a connecting link between the individual business and the

Government. More and more we are finding that business and government must work together. Resent it or welcome it, the business man of today must face it. And who shall represent him in the complex dealings with the Government so well as a well organized body of the men in his own industry?

Giving a Thought to the Buffalo and Whale

CANADA has a novel problem. How shall she "commercialize" her fast increasing herd of buffalo at Buffalo Park, where the 740 installed a dozen years ago now number more than 5,000 and threaten to outrun their 100,000 acre range?

Dominion Park Commissioner Harkin is struggling with the problem. "What we started to do from a purely sentimental standpoint," he says, "may prove to be a valuable commercial proposition."

Mounted buffalo heads have brought at the Montreal fur auctions as high as \$1,025, but that is a market that would seem capable of reaching its saturation point in short order.

"Our robes," Mr. Harkin finds, "are worth easily \$100. . . . A buffalo hide is practically as good as ever after it has been in use twenty years; the outstanding feature of the buffalo robe has always been its extraordinary wearing qualities." One need not be very old to remember a day when the buffalo robe was a familiar sight in the farmer's home.

Buffalo hides have been experimentally tanned. Their usefulness for sole leather is uncertain, but it has strength and elasticity which might make it of value. Then there's the wool. "Each spring the buffaloes shed their wool and we have our riders collect this wool off the prairie. We have it carded and spun, and it gives us a wool of extraordinary strength. I do not think it could be used in the manufacture of clothes or anything of that kind, but I imagine that if it could be used in the manufacture of carpets, you would have an article that would practically never wear out."

The buffalo is a long way from extinction if a market is being sought for his hide and hair.

Having noted the promise of a revived industry in the American bison, let us consider the whale, once so great a factor in the commercial life of this country. A writer in *The Statist* of London is deeply concerned, not at a threatened extinction of the whale, which he insists can never happen, but at the waste in the industry and at the lack of edifying statistics. He would have whalers report their catch, note the presence "of young whales accompanying their parents" and kindred information.

He is impressed with "the necessity of so regulating the whaling industry as to insure that every portion of the whale is worked up into an economically useful product. Whalers today are using a natural raw material which is of great value as a producer of fat and fertilizers, and which is also a potential source of human and animal food. The supply of whales may eventually prove to be limited, and it is therefore desirable that no waste should be permitted."

We can't waste our whale and have it, too, but perhaps if the supply of whales as "a source of human food" disappoints us, the Canadian buffalo may fill the gap. Somewhere in our boyhood reading we learned that buffalo hump was a great delicacy.

Research and Everyday Life

The work of the industrial scientist reaches into Everyman's home and Everywife's kitchen; it betters his bread, adds to the life of his shirt and busies itself with the filling of his teeth

By WARREN BISHOP

RESearch has come into the kitchen—and into every other room of the house. We may think of industrial science as turning its work into millions of dollars and acres of factory. As a matter of fact, much of it is being turned into pennies for the housewife and the householder.

In fact, will you, or won't you, industrial research has you by the neck. If you doubt it consider the collar, that humble ornament which decorates most males. For some years we have considered it chiefly for its soaring prices and its tendency to "crack under the strain," like a league-leading baseball club.

But the workers of the industrial laboratories have struggled with it from many standpoints. Its makers have investigated textile strength, have called in scientists to tell them how to make a collar that shall look like silk, wear like linen and be as cheap as cotton. The laundry men have tackled it from the standpoint of how best to wash it—of how many trips to a laundry it should stand and what to do to it to add to that number.

And on top of it all, the ingenious gentlemen who set out to modify a paper-testing machine so that it should fairly try out fiber container material, found that the new device could be used for a strength test for collar button holes.

Few industries that link themselves directly to the housewife have been the subject of more skilled work in physics and chemistry than that of washing clothes. The laundryman feels that everyman's hand is against him, he knows that bromide of everyday life: "It isn't the wear that does it, it's sendin' it to the laundry."

Science and the Collar

RECOGNIZING this tendency of the human mind the laundryman has called upon his scientists to know how fair the charge is. Tests were made and the results are vouched for by the research chemists, who work out laundry problems as industrial fellows of the Mellon Institute of Pittsburgh. New collars were repeatedly sent through the usual processes of washing, starching and ironing without being worn. They survived from thirty-five to forty trips. Collars worn between washings but otherwise subjected to the same treatment survived about twenty trips. The inference was that actual wear was from 43 to 50 per cent of a collar's life.

Would you have an instance still more personal of how scientific research affects your daily life and mine? Consider your teeth! Here is the way one scientist outlined a problem of dental cement:

"All that was wanted was a cement that should stand pressure of a hundred pounds a square inch—that's about what chewing means—that would be unaffected by temperatures ranging from the low of ice cream to the high of coffee approaching the boiling point, and that should be unchanged by acids from fruits or the alkaline secretions of the mouth. Quite a problem? Yes, and the most important item, appearance, wasn't listed."

"Something with the plasticity and adhesiveness of cement, the appearance and characteristics of porcelain, and the durability of gold" is a description of the want that was to be filled.

Many a man's dental deficiencies are being hidden by the material which was evolved in answer to this demand and which called for effort, coupled with high technical knowledge and unlimited patience. Dr. C. C. Vogt, who was in charge of the laboratory work, has given an account of the material finally hit upon, which is of lay interest only as it seems to show the complexities of the task:

"The actual chemical composition of this fused material is not known—it being an extremely difficult problem to determine the definite chemical individuals in an amorphous solid. The constitution of such long known substances as porcelain and glass is not known exactly despite years of investigation, and they are less complex than the melt for a silicate powder. There are to be found in a silicate powder, probably, calcium, aluminum silicate sodium and potassium aluminum silicates (feldspars), along with fluosilicates, and in some cases borates, phosphates and titanates."

Which is enough to show that there is more in a filled tooth than all of us realize.

These are two random instances, cited only to show how industrial research affects you and me and the children. Both these instances are of work done at the Mellon Institute at the University of Pittsburgh, an institution which has done much to link science and industry. The founders were the present Secretary of the Treasury Andrew W. Mellon and his brother, Richard B.

They gave the money and their stimulating administrative support, but the idea was the bequest to the world of the late Dr. Robert Kennedy Duncan, who had worked out the Industrial Fellowship System and had put it in operation primarily at the University of Kansas.

The plan is simple in theory. A manufacturer, or a group of manufacturers, with an unsolved scientific problem comes to the institute, which says in effect:

"We will select the man or men best fitted for this work. You, Mr. Manufacturer, shall pay the salaries and provide special equipment. The institute will direct and house the investigation, give the use of library and permanent equipment. The results belong to you except so far as you may see fit to share them with the world."

In ten years industry has spent a million and a half on research work in this one place, while the institute has added half a million in overhead, in addition to the use of the building and permanent equipment.

Perhaps half the fifty or so fellowships suggest the things of everyday life. They deal with bread and yeast and soap and stoves, laundry work and fruit beverages. It may well be that the fellowships on zirconium and refractories and synthetic resins are just as important to you and me, but they don't sound so.

Bread is quite as much a part of everyday life as teeth and collars, and for years, first

at the University of Kansas for the Master Bakers' Association and later in Pittsburgh for a big baking company, one man has been at work on the problems of making better bread and cheaper bread. He is Dr. Henry A. Kohman.

Go back not very far and your grandmother or her mother may never have seen baker's bread. To a generation that followed "boughten" bread was at best a reproach to housewifely skill, something that called for apology. Times changed and bread making with them until the war with its insistence on substitutes found 90 per cent of the bread eaten in the country commercially made. With the close of the war came a backward step and the bakers found increasing competition in the kitchen.

Lack of variety was one charge brought against the baker. "You make too many kinds of bread that differ only in the shape of the loaf," said the experts, and science took under its wing old fashioned "salt-risen" bread. Long and difficult work led to the identification and isolation of the bacteria that were suitable for this type of bread. More effort, and the bacteria were made marketable in dry product form. Bakery tests were made and now all over the country this old fashioned bread has become a commercial product.

The Genesis of a Flour Saver

ONE of the country's great bread making companies had factories in many cities. It found that it could make better bread and make it with less time and labor in one community than in another, although all materials were the same and were bought by one central purchasing office.

What wasn't the same? Water was the answer to that question. Flour and salt and sugar might be the same in Chicago as in New York but water couldn't be. Several years were spent in a careful study of the mineral salts found in the water of various cities and the effect on yeast. The results led into a far wider field than its backers realized. Instead of being a negative study to eliminate certain things from bread making it became a positive study to add certain salts.

It was found that certain salts of calcium and ammonium in proper proportion added to the speed with which bread could be brought to its best state and cut down the amount of yeast needed. The net result was the introduction of a "yeast food" which lessens the time of baking, a very important item to the small man whose output is limited by his oven capacity and at the same time opens a vast possibility of conserving bread-making materials without any loss to the consumer since the saving is in sugars decomposed and lost in other processes of bread-making. One estimate is that of the 20,000,000 barrels of flour produced yearly in Kansas about 400,000 might be saved.

An industry which links up with the home and which is spending thousands of dollars a year on scientific work is that of canning. Here, too, the research work is both offensive and defensive, defensive in the task of

investigating reported cases of poisoning from canned goods and offensive in improving the product both as regards wholesomeness and appearance. For one thing is certain—no man will eat what comes out of a can if it looks bad. You may talk yourself black in the face explaining that dark color in a can of corn is due to a minute amount of copper from the machinery and could harm no one, but the corn will not be eaten. So science must set to work to eliminate that copper for once and all.

Something has been said of science and the week's wash and of the defensive warfare of the research workers of the laundry. A share of the research work of the laundry owners is aimed at the maker and the user of textiles, to determine causes of breakdown in washing. A volume on "The Conservation of Textiles" has been issued by the Chemical Engineering Department of the Laundry Owners' National Association. This body, as a result of the work of that department, is urging legislation to govern the proper labeling of fabrics and maintains a Textile Bureau at the Mellon Institute to handle the problems of laundrymen.

Many experiments have been made to determine the life of fabrics under various conditions of cleansing. Here's one briefly: A dozen handkerchiefs were tested for strength. Then each was uniformly soiled with a mixed mess of beef extract, dried white of egg, and lampblack. Six were sent to a washerwoman and six to a power laundry. After each batch had been washed ten times the breaking strength was again determined. The loss per trip to the laundry was 2.6 per cent, while each trip to the washerwoman set the handkerchief back 2.1 per cent of the strength.

And the laundryman doesn't think that a bad showing, for he will admit that the individual washer has some points of superiority. One is "selective treatment." In other words, she handles a slightly soiled and somewhat worn lawn waist with more tenderness than she does Johnnie's khaki knickerbockers, which have been through an active campaign of trench warfare.

Experiments have been made to show the destructive effects of washboards and roller wringers and even of hanging on the line. This was the test of the last named factor: A handkerchief was exposed on the roof of a city building for twenty-three days one July. In all there were about eight hours of sunshine a day. The handkerchief lost 60 per cent of its strength. The laundry experimenters admit that results might have been different in a remote country place free from smoke and corrosive gases, but it served to intrench them in their contention that air drying of clothes is not an unmitigated blessing.

The whole subject of stains and their removal has been studied from the standpoint of mechanical and chemical treatment. These investigations have a double purpose, to do better cleaning work and to resist unjust claims from owners. Elaborate and interesting are the tables of "occupational" stains and of the results to cloth of spilling familiar

household remedies and cleaning materials. A careful survey of a silk shirt might lead some Sherlock Holmes of the laundry industry to deduce that its wearer was a dentist who used a wrinkle eradicator and had been shining up his automobile with metal polish. For dental preparations, cosmetics and polishes all have chemicals detrimental to textiles and all find their places in the list.

So, too, careful studies have been made of weaving methods. A vast amount of the manufacturers' ingenuity in adding beauty to his fabrics is done at the expense of "washability" and here the laundryman must be prepared with exact knowledge and this his technical research men have made ready for him. In the simplest of weaving threads go over and under one thread at a time very much as the housewife darns a stocking. To produce sheen and pattern, threads are carried over more than one thread. In technical language, there is a longer "float" and damask patterns are evolved. But longer "floats," particularly if the thread be of a short fiber, result in a fabric that gives way easily. There's a lesson for the housewife perhaps in this, that if she wants an elaborate pattern in her tablecloth, she'd better be sure that the material is high. In lower price cloths simpler patterns are preferable.

But the offensive side of the laundry research work is as elaborate if not harder to understand. The chemistry of soaps has been carefully studied. "Relative surface tension measurements of solutions of soap and of solutions of soap and various alkalis" may mean little if you put it that way, but translate

it. The carbon filament vacuum lamp was a better light than the world had had but it wasn't good enough. In the research laboratories of the General Electric Company the development of the wrought tungsten filament was thought to have solved the problem, but it hadn't. The gas filled bulb followed and we have a longer lived lamp which gives more light for less current. One estimate is that the United States is saving \$400,000,000 a year from these betterments. Constant studies are being made for better light from the standpoint of eye strain.

Prohibition set the scientists of the business world at new problems. One is the production of food flavors without alcohol. States have power to regulate their sales and out in South Dakota the sale of lemon extract is illegal. Even municipalities exercise this right. One small city in Oklahoma, for instance, has a stringent local ordinance regulating the sale of extracts containing alcohol.

But if the hired man will undertake to brighten his life with lemon extract, shall father and the boys be cut off from lemon meringue pie? Not with the research squad on the job. Much work has been done, much

remains to be done, in the manufacture of emulsion flavors to offset the increased prices and added difficulties of securing industrial alcohol. Many of these emulsions are already used by commercial makers of food and are finding their way into the household.

The making of soft drinks is calling for a further study in that fascinating and, to most of us, mysterious field of colloid chemistry, for emulsions are a class of the colloids whose wider field involves such varied industries as bricks and paints and celluloid products, cold creams and artificial fibers. Studies of the emulsifying power of soaps and soap like products led to one novel result. Saponin, a product of various plants, has foam producing qualities and has been used to liven up soft drinks. Its use is forbidden in many states

as harmful, but the ingenious chemist has discovered that an extract from alfalfa will give the same results and be free from bad effects.

These are but scattered instances of the work industrial science is doing as it touches our common life. The fields as yet untouched or but barely explored are vast. What is the ideal abrasive to add to scouring powders and reduce scratching to a minimum? Can glass be further perfected for kitchen use by increasing its resistance to heat and accidental breakage and by reducing its cost? What is the ideal container? And for all these things men of affairs are contributing money and men of science their learning. Selfishly? Yes, if it be selfish to make money, but all in all they work for the good of the everyday man and his home.



it into terms of snowier and longer-lasting linen and it may mean a lot. An investigation which hits us all is one into "the bactericidal efficiency of soap solutions in power laundries." Its conclusion was this:

"It appears absurd to demand that a clothes washing process should render fabrics absolutely sterile; but it has been demonstrated that such results are actually obtained in the case of all garments that are finished by ironing or drying at high temperatures and that in the case of those not so treated the washing with soap produces a bactericidal efficiency comparable to that obtained by pasteurization."

Ever since Edison gave the incandescent lamp to the world in 1879, industrial research workers have been striving to better

To Make World Trade Simpler

One understandable uniform ocean bill of lading to replace the hundreds of clumsy longwinded documents will make international trade freer

By CHARLES S. HAIGHT

Chairman, Bill of Lading Committee, International Chamber of Commerce

THERE ARE some steps in the world's progress which can be accomplished only through international cooperation. Take, for example, the rules for navigation on the high seas. If every nation had its own code of signals and all codes differed, navigation would be rendered almost impossible. Therefore, the nations long since agreed upon the International Rules, under which a signal of one whistle always means "I am directing my course to starboard," no matter what ship may blow it.

As another illustration, we have the York-Antwerp Rules. Many years ago it was found to be a matter of practical necessity that, when marine disasters occurred, there should be one law governing general average contribution, no matter where the ship might be nor what flag she might fly. We find therefore, today, in practically every bill of lading, the clause "General average, if any, according to York-Antwerp Rules, 1890."

Similarly, we have an International Postal Conference to insure uniformity in the handling of our mail, simply because intercommunication would be impossible if every nation persisted in an attitude of isolated independence and required a new stamp to be placed upon every letter as it crossed its frontier.

But, while the world has accepted, as a matter of course, the necessity of international cooperation in these matters, yet, in the exchange of our commodities, valued at billions of dollars per annum, we have been proceeding, for generations, in a wholly haphazard way. In the first place, the law covering the rights and obligations of shippers and carriers is not the same in any two countries, and in many countries it differs as widely as possible. Thus a bill of lading which is perfectly legal in London would subject a carrier to a fine of \$2,000, for every bill issued, if it were used in the United States. This conflict of laws becomes doubly embarrassing because the United States has set the example of claiming the right to apply its own law, not only to its own citizens but also to every foreign ship which loads or discharges in our ports. Thus a French owner who makes a perfectly valid contract with his shipper, with reference to the carriage of goods from Bordeaux to New York, may find, when sued in New York by the consignee, that his contract has become quite worthless.

The Unreadable Bill of Lading

ASIDE from the conflict in laws, bills of lading themselves have reached a state which is almost hopeless. Every bill used by the ocean carriers today is so long that it would take about an hour to read it, is printed in type so fine as to be almost illegible, and is so complicated as to be quite beyond the comprehension of business men. This condition is made much worse by the

IF EVERY LETTER from Chicago to New York were stopped at each state border for a new form of address, a new stamp, or a changed style of envelope — Nonsense! but not much more nonsense than what now goes on with foreign bills of lading. You may never have seen a bill of lading. Mr. Haight says no shipper has ever read one through. But the confusion over bills of lading is a drag that is slowing up every bit of business in the world today, and every man who has on his shelves silks from France or razors from England is hurt by it. Here is the story of a forward step to clear the pathway for our goods to start abroad and Europe's goods to come here.—THE EDITOR.

fact that we do not have merely one such form of bill of lading to deal with, but a multitude of them. Every steamship company uses its own form, and many companies have a number of forms, all different, and, to make the confusion worse confounded, these forms are subject to change overnight, without notice. The result of all this is that business men do not even attempt to read their shipping documents, in spite of the value which they represent. It is literally true that, in years of inquiry, I have never found a single shipper who had ever read one bill of lading through. Lawyers, alone, do that. Such a system can produce nothing but confusion, friction, and litigation. As a result of it, international transportation has become so involved in controversies between carriers, shippers, and cargo underwriters, that they have come to look upon each other as natural enemies.

Is there any remedy for this state of affairs, or must the commerce of the world always be hampered because carriers, shippers, and cargo underwriters, who are naturally dependent upon each other for their very existence, are, nevertheless, too perverse to work together in harmony?

In London last June, at the meeting of the International Chamber of Commerce, this subject was grappled with in the only way that offers a real prospect of a solution—that is, it was taken up internationally, with a view to securing voluntary cooperation on the part of all of the interested parties.

Obviously, the first step towards international uniformity is to secure uniform laws governing carriers. We cannot even start in a movement for uniform shipping documents so long as the laws of the different nations are absolutely contradictory.

The idea, which at the outset was chiefly advocated at the London Conference of the International Chamber, was that an International Code, "defining the risks to be assumed by sea carriers under a bill of lading," should be adopted by the International Law Association, and that all of the nations of the world should then be asked to enact

this code into law. The theory of many of the delegates at the London Conference was that the ocean carriers had abused their right of free contract, and had forced upon shippers unjust clauses, and that the only possible way of curing the situation was to make them honest by statute. It was stoutly maintained that the shipowners would agree to nothing, voluntarily.

The delegates of the United States stood practically alone in opposing this program, but we did oppose it, first, because it would take generations to get thirty or forty nations to pass the same law, in the same terms, and reform is needed today; second, because statutory enactments would be too rigid, even if uniformity could be obtained. If, as conditions change, an amendment should become necessary because the code proved too strict or not strict enough, it would take just as long to secure the amendment as it had to secure the original uniform enactments. In the third place, the American delegates believed, and proclaimed their belief, in the fact that steamship owners are quite as honest and just as reasonable as any other class of business men, if only they are properly approached. Of course, you can't secure cooperation by attempting coercion.

The plan which the American delegates advocated was that the International Law Association should perfect and pass the proposed bill of lading code, which had already been drafted by its Maritime Law Committee, and that the ocean carriers of the world should then be asked to accept the obligations of that code voluntarily, without waiting for its enactment into law anywhere.

Great Britain Ready to Aid

OUR faith in this plan was greatly strengthened by personal conferences with Sir Norman Hill, secretary of the Liverpool Steam Ship Owners Association, and Mr. H. M. Cleminson, general manager of the Chamber of Shipping of the United Kingdom. In spite of the pessimism of some of their own countrymen, we found them ready and willing to accept greater liability and to waive the "negligence clause" in their bills of lading, as desired by the cargo interests, provided those interests would agree upon precisely what they wanted, and would pay the extra cost which might be involved. It will, I feel, be helpful if I state the position of the British owners as Sir Norman Hill presented it to us. Briefly, that position was this:

Shippers in the past have demanded of carriers the lowest possible freight rate and the utmost expedition. To accomplish these, practically all cargo has been carried on the basis of its weight or cubic measurement, without distinction as to any differences in value, and all cargo has been handled with equal speed. To reach the lowest freight rate, the carriers have also left the insurance of cargo to the shippers and have exempted themselves

from liability for loss or damage covered by this insurance. Having thus reduced the freight rates to the lowest possible figure, the cargo interests have demanded that the carriers accept greater responsibility but without an increase in freight rate, which simply cannot be done.

Sir Norman Hill also insisted strongly that there was no justification for charging the carriers with dishonesty because they called upon the shippers to insure or because they expected the underwriters to pay the losses thus insured against; and he resented the attempt to force additional liability upon carriers by legislative coercion. On the last subject his position is thus stated in his own words:

It is one thing to accept such restrictions as one of the terms of a bargain, and an entirely different matter to have such restrictions imposed upon you by legislation. You cannot, in argument, maintain the proposition that there is no freedom of contract if the terms are dictated by the shipowners, but that there is freedom of contract if the dictation be on the part of the cargo interests.

These views, honestly held and frankly stated, did not prevent Sir Norman from saying that it was, nevertheless, the purpose of the owners to satisfy their shippers, and that they would consider their wishes, when definitely stated, in no unfriendly spirit. Indeed, Sir Norman himself stated the reason for safeguarding shipping documents more vividly than it has ever been stated before, to my knowledge, when he said:

I will admit that when bills of lading are issued as negotiable documents, which are accepted by bankers as collateral for advances running into millions of pounds, the bills of lading themselves become a commodity and ought to be safeguarded and protected. Where, however, carriers issue non-negotiable receipts and no one will be asked to loan against them, they are of no interest to anyone except the shipper and the carrier, and the right of contract between the parties should be unrestricted.

This discussion confirmed the American delegates in their opinion that the International Chamber of Commerce might accomplish, in a few months, by friendly cooperation, reforms which could not be secured in a lifetime by coercion.

It was, I believe, most fortunate that the contention of the American delegates finally prevailed, in accordance with which the International Chamber of Commerce, on July 1, passed the following resolution:

1. The International Chamber of Commerce is unanimously in favour of obtaining a uniform international ocean bill of lading with appropriate uniform clauses for use in special trades and at particular ports.

2. A permanent committee shall be appointed by the Directors which shall cooperate with the International Law Association and the Comité Maritime International in their efforts to obtain uniform legislation respecting ocean bills of lading.

3. Pending the passage of such uniform legislation and following the precedent established in the adoption of the York-Antwerp Rules, the said Committee shall investigate and report to the Directors as to the possibility of obtaining a general agreement with ocean carriers for the voluntary acceptance by them of uniform obligations.

4. Upon the receipt of the report of said Committee, the Directors are authorized to take such action as they consider wise in the premises.

On the same day the Bill of Lading Committee provided for in the resolution was

named, and on the following day that Committee held its first meeting, and started its labors.

By the direction of the Committee, I undertook to ascertain the attitude of the leading shipowners in France, Belgium, Germany, Denmark, Sweden, and Norway, and in the short period of seventeen days I visited all of those countries and had personal conferences with many of their leading shipowners; and, of the men whom I saw, every one was ready and willing to cooperate in the movement for uniformity, if only that movement were made general. No country was willing to attempt the reform alone,

INTERNATIONAL business leaders were told by the British Lord Chancellor that unless they helped governments right now, we would not see a return of normal conditions within our generation. Those leaders set about to clear up obstacles to trade, charges on production and distribution—crude and costly methods which we could pay for when the goose hung high, but heavy charges now in the struggle between prosperity and suffering.

One such obstacle, which some said added a charge of from 10 to 15 per cent to your and my expenses, is the complex machinery running along with the ocean carriage of goods. Delegates of the International Chamber from fourteen countries agreed to work for a standardization. We are already doing our part here. We are the chief offender and we are told that our lead will turn the trick.

There have been forty years of talk. In three months the International Chamber has formulated a plan, set on foot needed legislation, obtained the active support of the International Law Association at The Hague, and called a meeting of shipowners of the world for this month. Let's put every shoulder to the wheel and not let the auspicious start run down into another forty years of talk.—THE EDITOR.

and no owner was ready to place himself at a disadvantage with reference to his competitors, but there was no disposition to question the fact that an adjustment of the controversy between shippers and carriers was needed and was readily obtainable, by agreement, if the owners of Great Britain and the United States would initiate the movement.

On September 3 the International Law Association adopted a proposed code under the title of "The Hague Rules, 1921," after the provisions had been carefully considered, in detail, by the accredited representatives of all interests. Upon the final vote, there was not a single dissenting voice, and the general resolutions were adopted with the same unanimity.

The rules are printed in full at the end of this article. The resolutions, which are of almost equal importance, recommend the international adoption of these rules for all ships other than those in naval or military service; ask that they be published in English and French, the official languages of the conference; express the opinion that legislation on the subject dealt with by the rules should be brought into harmony with them, and provide that the Executive of the Maritime Law Committee continue, in conjunction with representative bodies of the inter-

ests concerned, all efforts to procure the adoption of the rules.

In their main features, the rules correspond with our Harter Act, and virtually bring the other shipowners of the world to the same basis of responsibility as that which has been enforced upon American owners since 1893.

The delegates who approved of these rules are pledged to see that they are generally adopted, and, because of the high standing and influence of those delegates among the owners, bankers, and cargo underwriters of Europe, success in the effort to obtain uniform obligations governing ocean carriers is now easily within our grasp.

Shipowners to Meet This Month

THE next step is to ensure the prompt acceptance of the new rules by shipowners as a whole. During November there is to be a general conference of European owners in London, when it is believed that the action of their representatives at The Hague will be definitely confirmed, if, by that time, the cooperation of American owners has been definitely indicated. Much depends upon the attitude of the American owners, chief of which, of course, stands the United States Shipping Board. If the United States should stand aloof, the success of the whole movement would be threatened. This fact is made clear in a letter just received from Sir Norman Hill, in which he writes as follows:

All that has taken place since our first meeting in London has satisfied me that the course we then marked out was the only practical line upon which real progress could be made.

The present position has been only reached with very considerable effort, and I think that the next step must be taken on your side of the Atlantic. If the United States will adopt the rules promptly, I believe that the British Empire will follow.

It is inconceivable that the owners of the United States should not agree to accept The Hague Rules, when, by so doing, they can bring about world-wide uniformity in the matter of carriers' obligations, and especially when that uniformity is, in effect, merely the adoption, by the rest of the world, of the obligations already laid down in the Harter Act.

The advantages of securing uniform obligations by voluntary agreement are too obvious to require much discussion. They include:

1. The almost immediate termination of the controversy between carriers and shippers;

2. Permanent escape from the present conflict in the laws of the different countries, with each country claiming the right to impose its own law, in its own courts, upon the rest of the world;

3. Cargo underwriters will, at last, know what their risks are, when insuring cargo, and will be able to fix their premiums intelligently;

4. The present uncertainty felt by the bankers in handling bills of lading will be removed; and

5. Uniform forms of bills of lading in standard trades will, at last, be obtainable.

I do not mean to suggest that it will ever be possible to draw one form of bill of lading to cover all kinds of cargo, and in all ports of the world, but, once the law governing every carrier is the same, all bills of lading used in the same trade (for instance, from New York to Liverpool) can and should be identical, word for word.

Uniformity is, today, a crying need. Bankers desire it more than anything else, in order that, in handling bills of lading, they

(Continued on page 34)



Railroad Consolidation the Right Way

THE TENTATIVE plan for consolidation of the thousand railroads of the country recently announced by the Interstate Commerce Commission has started a nation-wide debate. Railroad executives, bankers, shippers, labor leaders—all are taking part in this debate. Some approve the particular groupings suggested, others oppose them, but nearly all express themselves in favor of some form of consolidation.

One of the strongest opponents of the consolidation plan proposed by the commission is Judge Robert S. Lovett, chairman of the board, Union Pacific Railroad. The *New York Times* quotes him as follows:

Instead of having the commission evolve a plan for forcing all of the railroads of the United States into arbitrarily formed groups, it would be far better for the law to provide for voluntary consolidations from time to time subject in each case to approval by the commission after a full public hearing.

As a matter of fact the law does provide for "voluntary consolidations subject in each case to approval by the commission," as Judge Lovett suggests. It will be noted that this is a complete reversal of the governmental policy that was in force under the Sherman Anti-Trust Act. The law does not leave the railroads free, however, to combine with one another in any way they may see fit. It requires the commission, before authorizing any mergers, to adopt a consolidation plan that will be in the public interest, and to permit only such consolidations as are in harmony with this plan.

This appears to be a necessary step in the process of consolidation. As pointed out in the article on railroad consolidation on another page of this magazine, the members of the Chamber of Commerce of the United States have voted overwhelmingly in favor of it, Congress has required it in the Transportation Act, and former Chairman Clark of the Interstate Commerce Commission has testified before the House Committee on Interstate and Foreign Commerce that while he is "in favor of the principle of consolidation . . . it ought to be done under governmental supervision and control."

The comprehensive plans for railroad consolidation proposed by Mr. Oldham and Professor Ripley and the tentative plan adopted by the commission demonstrate that it would be possible to consolidate the railroads without disrupting their natural relation; and it should be possible for the commission to obtain from Judge Lovett and his fellow-executives all of the information necessary to enable the commission to avoid any arbitrary action and to work out a plan that will be in the public interest.

Ups and Downs of Revenue

TAX REVENUES may, or may not, present straws which point out the direction of economic breezes, but those connected with current transactions have their interest.

The figures for collections in August are in point. Over August of last year they showed decreases of 34 per cent on automobiles; 16 per cent on automobile tires and accessories; 49 per cent on pianos, organs, etc.; 37 per cent on candy; 10 per cent on toilet soap, etc.; 24 per cent on liveries; 8 per cent on furs; 18 per cent on tennis racquets, sporting goods, etc.; and 12 per cent on firearms, shells, etc.

These decreases cannot be taken as indicative in each instance of an equal decrease in quantities of goods sold, for the taxes are ad valorem and falling prices have accordingly had their effect upon the Government's receipts, exactly as the increase

in railroad rates last year increased the Government's receipts from the tax upon amounts paid for transportation.

Whatever the influence of prices, collections from taxes on sales of some articles were up in August, 1921. When compared with revenues of August, 1920, they were higher by 65 per cent on chewing gum, 42 per cent on cameras, 69 per cent on photographic films, etc., 30 per cent on electric fans, 520 per cent on hunting garments and riding habits, and 46 per cent on yachts.

Burning Out Competition

MAIL-ORDER COMPETITION may be a burning question in more than one sense, according to the Federal Trade Commission. It has made allegations of unfair competition against an association of merchants in a western city and the local moving-picture theater. It takes the details of the plan to make clear the connection of the moving-picture theater.

The plot, as worked out by the Trade Commission, has dramatic possibilities. The commission says in effect that, under arrangements with the associated merchants, the theater advertised that it would accept catalogs of mail-order houses in lieu of the coin of the realm usually exacted at the ticket window. The offer to take catalogs was made to children under fifteen years of age, and was accompanied with an offer of prizes for the oldest catalog, the one showing most signs of hard use, and the latest edition.

The plan would seem to have been successful in producing catalogs, for the commission says that they came in by the hundred. The last act in the plot was a bonfire, but whether it was conducted publicly with the children as spectators or was a private affair the commission does not aver.

Germany's "Come Back" in Shipping

ACCORDING to reports made to the American Bureau of Shipping it would appear that Germany is making progress in the restoration of her merchant marine. In nine shipyards in the vicinity of Hamburg there were under construction last August, 108 vessels, classified as follows: 51 cargo, 13 cargo and passenger, 1 passenger, 17 fishing, 14 lighter, 5 sailing, 3 tugs, 1 concrete, 1 collier, and 2 tankers. The building program in other shipbuilding centers has not been ascertained. From time to time the English shipping journals have announced the sale to Germans of some of the German vessels, in the aggregate 2,238,000 tons, transferred to England pursuant to treaty obligations, and various small vessels have been acquired by purchase from the Scandinavian countries.

Of the 108 vessels enumerated, only 14 are over 398 feet long, and of these five are 450 feet and two are 500 feet. Twenty-one of the 108 are being built for our old friend, the Hamburg-American Line. The largest ship on the stocks last August was the mammoth craft of 56,000 tons that was to have been named "Bismark" and operated by the Hamburg-American Line. Having been transferred to England, next summer she will be one of the White Star fleet running out of New York under the direction of the International Mercantile Marine.

Your Thirty Servants

HUMAN SLAVERY was regarded, in Aristotle's day, as a natural and indispensable cornerstone of the structure of society. "The power of Greece," says James Fairgrieve, "whereby she achieved such great things in all directions of human progress, was largely based on the work done by the servile class. On the average each Greek freeman, each Greek



family, had five helots whom we think of not at all when we speak of the Greeks, and yet these were the men who supplied a great part of the Greek energy."

In the United States we have substituted for human slaves machinery, and we have achieved from it a power equal to three billions of helots. It could not be replaced by masculine muscle abetted by beasts of burden. It was made possible only by our savings from surplus production. It was made possible, that is to say, by the use of private capital. Gilbert and Pogue, in a Smithsonian Institution bulletin, say:

To accomplish the work done annually in the United States, or at least the equivalent in such kind as men could perform, would require the labor of three billion hard-working slaves. The use of power gives to each man, woman, and child in this country the equivalent of thirty servants. Modern civilization arises from this organized employment of mechanical energy.

Time was when wrathful laborers fired threshing machines in the fields, in the superstition that they crowded men out of work. Nowadays all of us are coming to realize that we can acquire for a nickel or a dime comforts which represent the investment of millions, and which would be luxuries restricted to the fabulously rich were it not for the miracle of machinery.

Putting the Dumping Law into Effect

THE DUMPING LAW of last May has now been on the statute book long enough for investigations to be progressing. In fact, it seems likely that an order will soon be entered, causing the dumping duty to apply upon an article imported from Central Europe. Possibly such an order will be taken to the courts. Among the articles respecting which investigation is proceeding to ascertain if there is dumping are paper and pulp from Northern Europe, carpets and wooden brush handles from Canada, barium, potash, and thorium nitrate from Germany, cotton bedspreads from Italy, sheet music from Germany and France, and laces from Austria.

Coals to Newcastle—Bricks to Kent

THE SHOCK OF WAR has jarred us loose from so many of our ancient beliefs and practices that we have become somewhat hardened to surprises. But we have not entirely lost the faculty of being startled.

We have known France as an exporter of bronzes, jewelry, hats, gowns, perfumes—beautiful and delicate things of adornment and pleasure. We were somewhat bewildered, therefore, to learn recently that the French are showing great activity in the making of the unlovely and prosaic brick. It seems that bricks fashioned in France are being offered in Kent at 10 shillings a thousand less than the quotation on the local product.

And Kent, mind you, is the citadel of the British brick industry.

Australia's Tariff Commission

A TARIFF COMMISSION, such as we have now had for several years as our agency to make authoritative ascertainment of facts that must underlie tariff legislation, appeals to Australia.

Having different problems, and a form of government with a responsible ministry, Australia is not setting up a separate commission, but, starting with our idea of the proper functions of such a body, makes it advisory to the Minister of Customs and allows it to study questions of rates as well as sit as a judicial

body to settle disputes between the customs authorities and importers.

The Australian tariff board would also have duties under a new dumping law that has been proposed. Under this bill there would be dumping duties on articles that can be produced in Australia when the export price is under the fair market price, a "dumping-below-cost duty," a "dumping freight duty" against goods carried on vessels that are subsidized, a "dumping exchange duty," a "dumping preference duty," and a "dumped materials duty." As an Australian newspaper remarks, this bill is "exceedingly comprehensive."

Checking up on Trade Associations

TRADE ASSOCIATIONS in the United States would seem to number somewhere under 2,000. When sending out a questionnaire about activities of associations, the Federal Trade Commission distributed 2,750 copies, obviously using every address it had accumulated. In fact, of the 1,773 replies that were made, 161 were to the effect that the association was either inactive or completely dissolved.

The questionnaire related to activities in collecting and distributing statistics. One hundred and forty-one associations said they were distributing information about prices after the transactions had been closed, and nine others reported that they had distributed such information but had suspended this activity pending the Supreme Court's decision in the Hardwood case.

Three hundred and seventy-six associations said they compile and distribute other statistical information; this is most commonly about stocks on hand, quantities produced, and orders. Seven hundred and sixty-eight associations reported they have no statistical activities.

Whether or not the Supreme Court in deciding the Hardwood case, on which the court has now for a second time heard arguments, will pass upon the legality of open-price competition plans remains to be seen. If the court does not settle this question in the Hardwood case, it will deal with it in a later case. The second count of the indictment returned in August in the so-called cement case brings into question directly the legality of the Eddy plan of open competition.

Traveling Shops Here and Abroad

TRAVELING SHOPS are advertisements France is using along the shores of the Baltic. With support from the French Government, a ship is sailing from port to port with displays of the products of French manufacturers and the offerings of Parisian shops.

The idea is applicable on land, too, as has been demonstrated in the past by some of our western states. A Franco-Canadian sample train has been touring Canada. The samples are French, and so are the demonstrators who are prepared to take orders. The Canadian part in the enterprise lies in the assistance being given by the Canadian Government and the reciprocity Canada expects from France in connection with a train of Canadian samples to tour France in 1922. France offers free ocean transportation for the samples, free warehousing in France, gratuitous use of the French railways, and a building in Paris for an exhibit.

In England plans seem to be under way for a floating exhibition of British goods with an itinerary that will take it around the world.

As a private enterprise, a vessel is now being fitted at New York to carry exhibits of American goods.

Raincoats for Rainless Chile

That is one of the things the guileless American exporter has tried to put over—now he is learning to study his market in advance; even England and Germany have had to learn by bitter experience

By CHARLES LYON CHANDLER

Foreign Trade Manager, Corn Exchange National Bank of Philadelphia

WE SHOULD always remember that exporters from the United States are not the only ones who make mistakes in their development of foreign trade, and for the most part they make essentially the same mistakes as their competitors. But we have apparently achieved the reputation of making ourselves ridiculous beyond the achievements of other nationalities.

Many of Uncle Sam's wandering nephews (and nieces) fail to practice the old injunction, "When in Rome, do as the Romans do," and are continually lamenting the scarcity of waffles in Montevideo or ice cream sodas in Rangoon. Many of them still feel that good United States "English," if only screamed loud enough, will not merely introduce them, but will also sell their ice-cream freezers, in the innermost recesses of Borneo. The Chicagoan expects a miniature Chicago in Quito, and also the same purchasing power per inhabitant on the Calle Ahumada as on Dearborn Street; and he returns disillusioned and discouraged, a sadder and a wiser salesman.

We have all been taught from our school days that the United States (that's US) is the greatest country on earth, so we expect "lesser breeds without the law" not only to acknowledge our greatness, but to change their customs and modes of living to conform with ours. For instance, I well remember a missionary lady who "had tried so hard to introduce dress reform among these poor, benighted Japanese." Not only do we expect foreigners to buy road-repairing apparatus for use in Western China, but why should not ice-breakers be sold for the harbor of Rio de Janeiro if they are good for Duluth? And we playfully slap the "barbarian" in Buenos Aires on the back, because the boys liked it that way back in Boise or ship, as one man did, 2,000 overshoes of the old fashioned New England variety to Egypt in 1920 to keep the sand off the Bedouins' feet.

To show the lack of intelligent preparation on the part of some of our traveling salesmen abroad, I shall never forget one man who called on me in the American Consulate at Callao, Peru. He was selling a line of rubber raincoats "that led the field all over the United States."

Now, a good, hard rain is due in Callao about every twenty-one years, just as it snows once in every fifty-two years in Buenos Aires. They said it had rained the year before I arrived in Peru, and I had been there but six months when our rubber raincoat friend from Nucleon, Indiana, called. I really could not encourage him. I had to disobey my Consular Instructions in a most flagrant and shameless manner and for once cease "promoting American foreign commerce," and tell him that there were mighty poor pickings for him in that part of Peru. Of course, over on the other side of the Andes it rained plentifully enough; they actually had a rainy season there. In reply to his question as to whether it ever rained in any of the "adjacent territory," I simply could

not tell him that it never rained at Antofagasta or Iquique.

In other words, in sending out salesmen the home office too often neglects to analyze the field and to visualize the salesman's suitability for the particular section of this giddy globe which it is intended that he should visit. How the citizens of these United States of America, with imagination and vision enough to plan skyscrapers, and aeroplanes, and Panama Canals, and the skill to build them and operate them, can be so lacking in imagination and information as to conditions abroad, is a mystery to all of us who have lived outside the United States in competitive foreign fields.

Nothing is stranger than the blind confidence we place in adventurers from foreign climes, for whom this country has too often been a happy hunting ground. Few, if any, questions are asked regarding their credit rating—and for that matter, too many of our firms fill the foreign order first and investigate the standing of the foreign purchaser afterward. The success of various international tricksters is hardly to be wondered at when we consider that many of our largest banks had no foreign credit files whatever until recently, and the Philadelphia Commercial Museum is not yet thirty years old.

The Englishman, the German, and the Frenchman make just as many mistakes as we do. Only the other day I read a scathing indictment of British shippers by the British Vice-Consul at Guadalajara, Mexico. They were accused of every crime in the export calendar. It read almost like some American Consular Reports the writer has seen—and written. A shipment of a small printing press and accessories therefor arrived at Lima, Peru, in 1912, from England, consigned to an English printer, in such shape as to be utterly useless. By the way, who was it who flooded the island of Tristan Da Cunha, in the South Atlantic, where the mail comes once a year to the fifty-odd inhabitants, with catalogs of ice cream freezers?

Germany is not stainless in this regard. The writer has seen elaborately enameled signs in excellent German adorn the wharves of a Portuguese-speaking city near the equator. Not one in two hundred of the passersby could read them. The German manufacturer complains just as loudly as the American that his country does, or did, nothing for its foreign trade or foreign traders, and the same could be said of almost every

European country that has any foreign points of contact.

The path of the exporter is hard, whether his office is on Battery Place or Friedrichstrasse, in Flinders Lane, or Chestnut Street; but, looking back over a period of fifteen years spent in viewing foreign trade from various angles in twenty-one foreign countries, there can be no doubt that the type of men we have sent abroad has vastly improved, in just such proportion as our manufacturers realize that they cannot get something for nothing abroad any more than they can at home.

When the writer first went to South America, in 1908, there was a dear old soul generally known as "Uncle Toby, the Bible-to-Bicycle-Man," who was a good example of the trading-post stage in our foreign commerce. Uncle Toby's visiting card looked like a page from the City Directory. Hosiery, abrasive machines, religious publications, and hair nets were a few of his lines. Today Uncle Toby and his type are ancient history. So is the old "general store" in Buenos Aires or Constantinople. The range of articles sold at the trading posts in California in 1838, so vividly described by Richard H. Dana in his "Two Years Before the Mast," or at Azarian's store in Constantinople, so admirably depicted by McCormick in his book on the Crimean War, has narrowed considerably and specialized itself.

And the supplier at this end has kept pace with the times, even if a toothpowder salesman is expected every now and then to dispose of a load of coal, and a vender of cough drops blossoms out as a steel expert. These transitions are not so bad if the person concerned has native wit enough; I have met a former clergyman who made an excellent representative for a glue factory, and a teacher of the New Testament who introduced a check-protector into various foreign climes.

But we cannot always know just where to draw the line, like the former American consul on the African coast who was accused of reverting to the instincts of the native tribe whence he sprang, and inclining toward cannibalistic tendencies, who in justifying his conduct, remarked that he invariably used some of the immortal 57 varieties as a relish with his meat—whether of man or beast—and in this way had created a wide market for American canned goods.

So there is hope in the future, even if we sell barber-chairs to the Arabs as pulpits, since the face, yea, even the legs, can be turned by the faithful toward Mecca, and canoes to Tucuman, where there is no water—never forgetting the ingenious man from Maine, who, stranded in Pernambuco with his consignment of mouse traps, sold them to the Government there to teach the Indians mechanics. The Indian put his finger where mouseie went to get the cheese, and learned the principle of leverage.

"Book-learning," says Mr. Joshua Billings, "sure is a mighty pleasant help in time of trouble."

Here Mr. Chandler has told some ridiculous things that exporters do. There's another, better side—the story of the American exporter overcoming obstacles, doing what his foreign rivals said couldn't be done. This the author has promised us for an early number.—THE EDITOR.

Regrouping the Railroads

The Interstate Commerce Commission would put the country's big and little lines into nineteen great systems, five more than John E. Oldham suggests

By RICHARD WATERMAN

Chief, Railroad Bureau, Chamber of Commerce of the United States

THE Interstate Commerce Commission has just taken another long step in the development of a national system of transportation; national not because it is owned and operated by the United States Government—quite the contrary—but because it is owned by many millions of American citizens and operated by competent business executives with direct reference to the commercial and industrial needs of the entire American people.

The commission has recently adopted and published a tentative plan for consolidating all the railroads of the country in a limited number of strong competing systems. Public hearings on the proposed plan will probably commence before January 1, and will afford an opportunity for railroad executives and railroad employees, owners of railroad securities and shippers to present their views in regard to the tentative plan proposed by the commission.

The necessity for further consolidation of the railroads has been very generally admitted. It was recognized by Director General Hines in his speech before the New York Bar Association on January 7, 1920, when he said:

I believe there must be fundamental changes which will consolidate railroads into a few great systems. . . . The argument has been urged that this would be difficult to accomplish, but I have not the slightest doubt that it can be accomplished. . . . and I am convinced that it is an absolutely necessary step if government ownership is to be permanently avoided.

It was also recognized by the business men of the country in June, 1919, when the Chamber of Commerce of the United States by an overwhelming majority vote declared in favor of "permission for consolidation (of railroads) in the public interest, with prior approval by government authority, in a limited number of strong competing systems."

In July, 1919, Edgar E. Clark, who was then chairman of the Interstate Commerce Commission, said to the House Committee on Interstate and Foreign Commerce:

I believe firmly in carrying out the principle of consolidation and merger of railroads into larger systems in so far as it can be done with proper consideration for the public interest; and that it ought to be done under governmental supervision and control.

Congress accepted this view and in the Transportation Act made it mandatory on the commission to prepare and adopt an official plan for railroad consolidation; and authorized the commission to permit such consolidations (when applied for) as are in harmony with this plan and, in the opinion of the commission, are in the public interest. As soon as the act was passed the commission appointed one of its members—Commissioner Hall—to take charge of this work, and employed Prof. W. Z. Ripley, of Harvard University, to prepare a report on consolidation.

Professor Ripley has now submitted his report. It suggests a preliminary plan for grouping all of the railroads of the country in twenty-one competitive systems and discusses at length the reasons for each of the particular groupings suggested. On the basis of this report the commission has adopted a

OF THE great problems that lie before the country, none is greater, more pressing than that of the railroads. What alternative is there to government ownership? What better way out? Consolidation into fewer groups is one answer. Not consolidation that shall let the strong strangle the weak but consolidation with the public interest in mind, consolidation that shall best serve you as traveler, shipper, or stockholder.

To weld our thousand systems into a few strong groups was the task set for the Interstate Commerce Commission by the Transportation Act of 1920. These were the conditions: That competition shall be preserved; that existing channels of commerce shall not be disturbed, and, that subject to these requirements, the financial aspects of the mergers shall be kept in view.

Here is the first plan of the Commission. Here is the result of months of effort. More months will be spent in fighting out every detail of this plan which affects every one of us.—THE EDITOR.

tentative plan for grouping the railroads in nineteen competitive systems which, on the whole, correspond closely with the groups suggested by Professor Ripley.

THE NATION'S BUSINESS is particularly interested in the consolidation plan proposed by the commission and by its advisory expert, because of the contribution which this magazine has already made to the discussion of the problem. In its issue for February, 1920, THE NATION'S BUSINESS published an illustrated article entitled "The Merging of the Railroads," by John E. Oldham, a Boston banker who has for many years been a profound student of railroad finance.

The Oldham plan provides for fourteen consolidated systems so arranged that each has for its backbone one of the great existing systems. Mr. Oldham said in his article:

To avoid disturbing established relationships the proposed consolidations are built around the larger systems of the country, and for the most part represent additions and extensions to such systems. Roads which are controlled either by lease or stock ownership, or controlled through ownership of stock by subsidiary companies, with few exceptions, are placed with the roads which exercise such control. Where there is joint stock ownership the road is placed in the system with only one of the roads which is in control, if the roads exercising joint control are included in separate systems.

He also pointed out that "with roads so combined there would be little disparity in

traffic and operating conditions among the separate systems competing in the same territory," and that "these systems under uniform rates would be able to earn substantially the same rate of return on their property investments if fairly and uniformly valued."

The commission plan also recognizes that each consolidation should have for its backbone one of the great existing systems; but it provides for nineteen systems, five more than the Oldham plan, in order to preserve as separate entities a larger number of the existing railroad corporations.

Both plans recognize that there are sound reasons for grouping the railroads in geographic districts which correspond as far as possible with the three traffic territories created by the commission as a basis for rate making: First, Official Classification Territory, including the states east of the Mississippi and north of the Ohio and Potomac rivers; second, Southern Classification Territory, including the states east of the Mississippi and south of the Ohio and Potomac rivers; and third, Western Classification Territory, including the states west of the Mississippi River.

The Oldham Plan

THE consolidated systems proposed in the Oldham plan are segregated into three general groups. The mileage of each group is confined as far as practicable to one of the three Classification Districts. There are four systems in the eastern district, three in the southern, and seven in the western, as follows:

EASTERN DISTRICT

1. *New York Central System*—The New York Central with the seven lines it controls, Boston & Maine, Maine Central, Western Maryland, and three smaller lines.

2. *Buffalo System*—Delaware, Lackawanna & Western; Lehigh Valley; Delaware & Hudson; Erie; Wabash; Pere Marquette; New York, Chicago & St. Louis, and eight smaller lines.

3. *Pennsylvania System*—The Pennsylvania Railroad, the ten lines it controls, and the New York, New Haven & Hartford.

4. *Baltimore-Reading System*—The Baltimore & Ohio, Philadelphia & Reading, Central of New Jersey, Chesapeake & Ohio, Norfolk & Western, the lines controlled by these systems, and nine smaller lines.

[With one exception all of these systems extend from two or more Atlantic seaports to Chicago and St. Louis.]

SOUTHERN DISTRICT

5. *Coast Line—Louisville & Nashville System*—The Atlantic Coast Line; Louisville & Nashville; the lines controlled by these systems; Norfolk & Southern, and two smaller lines.

6. *Southern System*—The Southern and five lines it controls; Chicago, Indianapolis & Louisville; Florida East Coast, and five smaller lines.

7. *Illinois Central-Seaboard System*—The Illinois Central with the two lines it controls, Seaboard Air Line, and four smaller lines.

[All of the systems in this district extend from important centers in the south to Cincinnati, Chicago, and St. Louis.]

WESTERN DISTRICT

8. *Great Northern-Northwestern System*—Chicago & Northwestern with the Chicago, St.

Paul, Minneapolis & Omaha which it controls; the Great Northern.

9. *Milwaukee System*—Chicago, Milwaukee & St. Paul; Minneapolis, St. Paul & Sault Ste. Marie with controlled lines; Duluth, Missabe & Northern; Duluth & Iron Range.

10. *Northern Pacific-Burlington System*—Northern Pacific; Chicago, Burlington & Quincy; Colorado & Southern, and three smaller lines.

11. *Union Pacific System*—The Union Pacific with the four controlled lines; part of the Central Pacific; the Chicago Great Western.

12. *Rock Island-Missouri Pacific System*—Chicago, Rock Island & Pacific; Missouri Pacific; Denver & Rio Grande; Western Pacific; Texas & Pacific; El Paso & Southwestern; Chicago, Peoria & St. Louis.

13. *Santa Fe-Frisco System*—Atchison, Topeka & Santa Fe; St. Louis & San Francisco; International & Great Northern; St. Louis Southwestern, Midland Valley; and lines controlled by these systems.

14. *Southern Pacific System*—The Southern Pacific, including only a part of the Central Pacific, with seven lines it controls; Missouri, Kansas & Texas; Chicago & Alton; Kansas City Southern, and seven smaller lines.

The Commission Plan

THE commission plan groups the railroads as follows: "Five systems within the Trunk Line Region; two Lake-to-Tide Soft-Coal systems in the Chesapeake Bay Region; in the southeast, three systems; five transcontinental systems west of the Mississippi; and two running southwest toward the Gulf ports. In addition to these, and completing the list, there are two outlying regional groups—in New England and in the Southern Michigan Peninsula.

The grouping of the principal roads included in the commission plan is as follows:

TRUNK LINE REGION

1. *New York Central System*—The New York Central with six lines it controls; Boston & Maine; Maine Central; Bangor & Aroostook; Western Maryland; Lake Erie & Pittsburgh, and five smaller lines.

Note: The Boston & Maine, Maine Central and Bangor & Aroostook may be included in system number 7, New England, or system number 7a, New England-Great Lakes.

2. *Pennsylvania System*—The Pennsylvania Railroad with the lines it controls; Pittsburgh, Cincinnati, Chicago & St. Louis; eleven smaller lines.

3. *Baltimore & Ohio System*—The Baltimore & Ohio Railroad; Reading System; New York, New Haven & Hartford; Chicago, Indianapolis & Louisville; three smaller lines.

Note: The New York, New Haven & Hartford and three other lines may be included in system number 7, New England, or system number 7a, New England-Great Lakes.

4. *Erie System*—The Erie Railroad and three lines it controls; Delaware & Hudson; Delaware, Lackawanna & Western; Wabash lines east of the Missouri River; six smaller lines.

5. *Nickel Plate-Lehigh Valley System*—The Lehigh Valley; New York, Chicago & St. Louis; six smaller lines.

CHESAPEAKE BAY—LAKE-TO-TIDE—SOFT-COAL REGION

8. *Chesapeake & Ohio System*—The Chesapeake & Ohio; Hocking Valley; Virginian.

9. *Norfolk & Western System*—The Norfolk & Western; the Toledo & Ohio Central with three lines it controls.

SOUTHEASTERN REGION

10. *Southern Railway System*—The Southern Railway with six lines it controls; two smaller lines.

11. *Atlantic Coast-Louisville & Nashville System*—The Atlantic Coast Line with two lines it controls; Louisville & Nashville with two lines it controls; Atlanta, Birmingham &

Atlanta; Florida East Coast; nine other lines.

12. *Illinois Central-Seaboard System*—The Illinois Central with two lines it controls; Seaboard Air Line; four smaller lines.

WESTERN TRANSCONTINENTAL REGION

13. *Union Pacific-Northwestern System*—The Union Pacific with four lines it controls; Chicago & Northwestern; Wabash lines west of the Missouri River; two other lines.

14. *Burlington-Northern Pacific System*—The Chicago, Burlington & Quincy; Northern Pacific; Chicago Great Western; two other lines.

15. *Milwaukee-Great Northern System*—The Chicago, Milwaukee & St. Paul; Great Northern; six other lines.

16. *Santa Fe System*—The Atchison, Topeka & Santa Fe; Denver & Rio Grande; Western Pacific; six other lines.

17. *Southern Pacific-Rock Island System*—The Southern Pacific; Chicago, Rock Island & Pacific; eight other lines.

18. *Frisco-Katy-Cotton Belt System*—The St. Louis & San Francisco; St. Louis Southwestern; Chicago & Alton; Missouri, Kansas & Texas; three other lines.

19. *Chicago-Missouri Pacific System*—The Chicago & Eastern Illinois; Missouri Pacific;

Stems are concerned. Wherever possible the systems are brought in through their main stems to these points.

Both of the plans recognize that the New England roads as a group may be regarded as a great eastern terminal for the transcontinental lines, and therefore should occupy in the consolidation plan a position that will make it possible for traffic to flow freely into New England from all of the trunk lines. This fact has led both Mr. Oldham and Prof. Ripley to suggest that the solution of the New England problem must be very carefully studied. It may be best to consolidate each of the New England roads with one of the big trunk lines; or to consolidate all of the New England roads in a single regional system which will receive freight from and deliver freight to all of the trunk lines in eastern territory; or to adopt some other expedient that, while paying due attention to the necessity for giving the New England roads a fair share in the division of through rates, will at the same time permit the traffic to flow as freely as possible through the very restricted gateways by which the railroads enter New England from the west. For example, the commission plan suggests as an alternative a New England-Great Lakes System which would combine the New England roads with the Lackawanna, the Delaware & Hudson and several other roads in Trunk Line territory.

Another important phase of the consolidation problem, upon which the Ripley plan touches very lightly and the Oldham plan not at all, is the unification of terminal operation and the consolidation of terminal facilities. Mr. Ripley points out that "A proper adjustment of various terminal situations, always of course for due compensation, is an important adjunct to any comprehensive consolidation plan," but adds that "no recommendation as to particular terminal remedies is offered in this report." And yet it has been estimated that one-half of the \$20,000,000,000 of railroad property in the United States is terminal property.

Professor Ripley says in his report:

It is assumed that free access will be somehow provided. . . . Possibly the assignment of terminal properties might take place by means of leases based upon the valuation fixed by the commission and at a rate fixed by the commission as reasonable. This would permit the terminal companies to remain under the joint control of the several participating railroads rather than that entirely independent terminal companies actually owning these facilities should be set up. The important point, whatever the means adopted to this end, is that there should be unified operation and entirely free access to all participants alike.

The Ripley report and the Oldham articles are valuable additions to the information available to the commission in preparing the official plan for railroad consolidation that the act requires it to adopt. They should, however, be supplemented by the most complete information that can be obtained in regard to every important phase of the railroad transportation problem.

The National Association of Owners of Railroad Securities has recognized in this situation a great opportunity for public service and has established the Board of Economics and Engineering to collect the necessary facts and place them at the service of the commission.

The board is now actively engaged in this work and in due time will present the results to the commission as an aid in the preparation of the final official plan for railroad consolidation.

What Is Wrong With the Retailer?

An article for next month's

NATION'S BUSINESS

By Alvin E. Dodd

Manager of the Domestic Distribution
Department of the United States
Chamber of Commerce

Kansas City Southern; Gulf Coast Lines; International & Great Northern; five other lines.

INDEPENDENT REGIONAL GROUPS

6. *Pere Marquette System*—The Pere Marquette; Ann Arbor; Detroit, Toledo & Ironton; two other lines.

7. *New England System*—The New York, New Haven & Hartford with two lines it controls; Boston & Maine; Maine Central; Bangor & Aroostook; two other lines.

7a. *New England-Great Lakes System*—Same as system 7 with addition of Delaware & Hudson; Delaware, Lackawanna & Western; Buffalo, Rochester & Pittsburgh; three other lines.

In the Oldham plan every one of the fourteen consolidated systems enters Chicago. Eleven of the fourteen systems in the Oldham plan also enter St. Louis.

The commission plan also recognizes Chicago and St. Louis as the most important basing points in the central part of the country. It brings fifteen of the nineteen consolidated systems into Chicago and seven into St. Louis. Prof. Ripley says in his report:

Certain primary bases like New York, Jacksonville, New Orleans, Galveston, San Francisco and Seattle are located along the seacoast at nodal points, generally at the corners of the great territorial divisions, trunk lines, southeastern, western, etc. In the heart of the country there are actually only two primary strategic bases, Chicago and St. Louis, although for the southern territory the Ohio River gateways are in a sense secondary bases. And Toledo, Ohio, and Norfolk, Virginia, are secondary bases for the group of Chesapeake Bay coal roads; but in the main everything is based centrally upon Chicago and St. Louis as far as the main

STRAIGHT LINE METHODS

Leadership

Leadership is the guiding power of business at work. It represents the confidence and faith of the many in the few. It is responsible for the profits of business—for the livelihood of workers. It is the trusteeship of success.

Conditions today, as never before, call for real leadership—knowledge, vision, fighting determination and courage. Mistakes, inefficiency and waste must be eliminated, competent organization built up, new ideas and better methods adopted—to stop loss and insure profits and progress.

Leadership is blind without knowledge. Knowledge is power. It inspires vision and courage. Absolute knowledge of your business—timely and dependable Facts and Figures from every department—points out weakness and waste, suggests better methods, indicates new sources of profit. And *such* Facts and Figures, with the *knowledge* of better methods, are the light to progress and success.

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STRAIGHT LINE METHODS

The South Comes Back into Its Own as Cotton Moves at Higher Prices—Textiles and Leather Improve

BY ARCHER WALL DOUGLAS

UNLESS you are of blood brotherhood with the Southern people it is difficult to understand the full import of the profound and far-reaching transformation in thought and sentiment which came with the sudden rise in the price of cotton. In August there seemed nothing ahead for another twelve months but the practise of grim fortitude and endurance which carried them through previous eras of depression and trial. For hard times and the people of the South were old acquaintances, and more than once they had been close to the ragged edge of disaster. This time they

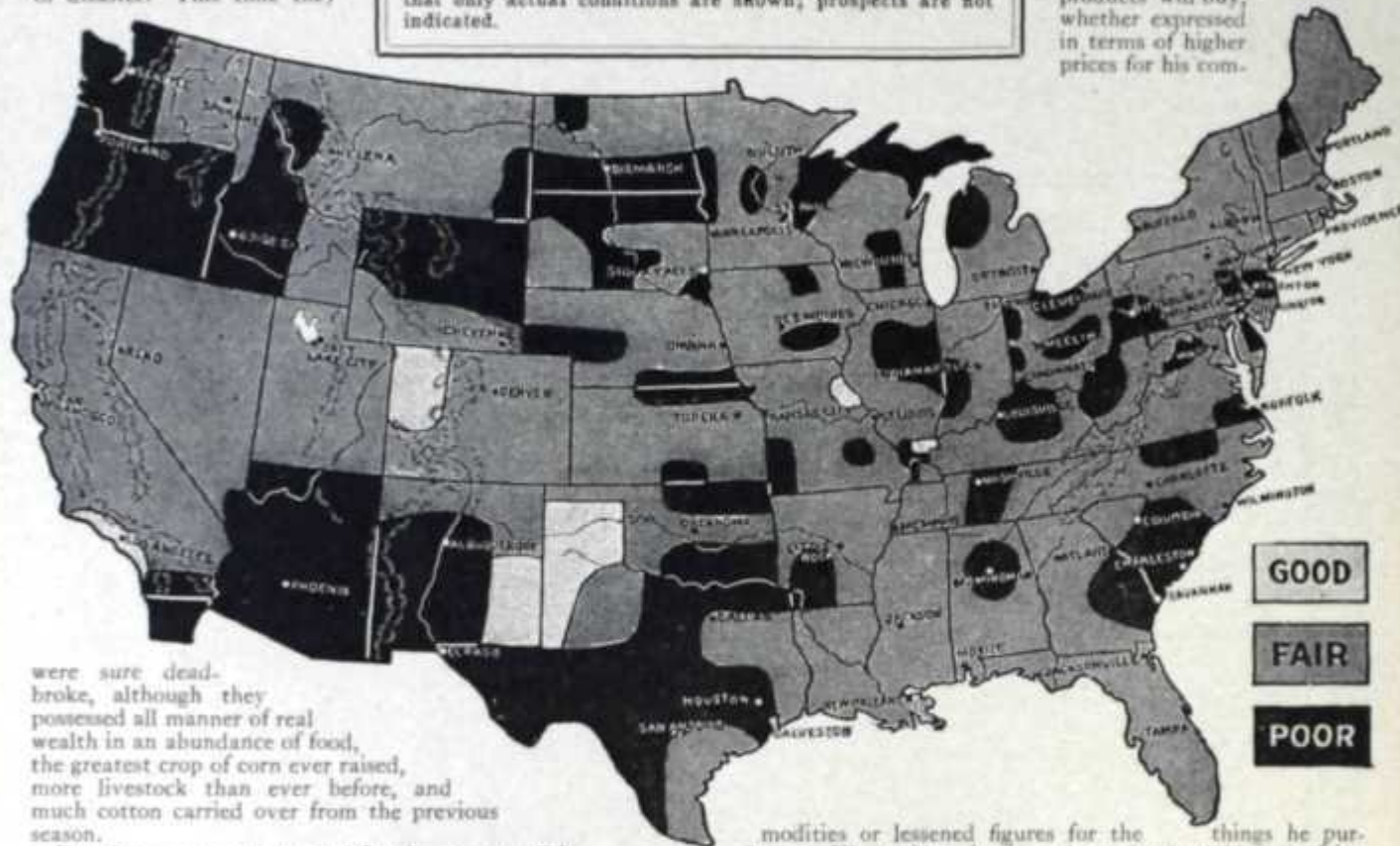
For the South knows full well that there lies ahead one of the greatest games in her history. Merely sane and sober continuance in diversification and in the production of all the food she needs, and most of all, suiting the production of cotton to the demand, and she has a vista of prosperity stretching away before her and recompensing her for all her troubles.

Naturally business is better in the grain regions, but it still waits expectant upon the price of farm products. With the farmer it is still a question, and will continue to be, as to what these products will buy, whether expressed in terms of higher prices for his com-

Business Conditions, October 11, 1921

THE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



were sure dead-broke, although they possessed all manner of real wealth in an abundance of food, the greatest crop of corn ever raised, more livestock than ever before, and much cotton carried over from the previous season.

But there was scant demand for these commodities, and then only at ruinous prices. So their obligations could not be met for lack of ready funds. Overnight came the story of the government September report, and the South came back after a sudden and dramatic fashion, as she realized that she is still the captain of her soul and master of her own destiny. The burden of obligations will be mostly disposed of before the winter is past.

Cotton is being sold freely, and the farmer will dispose of most of his holdings by the New Year. Business has already felt the impulse of the incoming currency and will grow gradually better as the fall wanes. The habits of self-denial and conservatism acquired under stress and trial will not be easily laid aside, and the unknown talk of sudden and imminent prosperity is mere idle babble.

But steady progress and advancement are already under way. Good roads are increasing in all directions. There is some building going on and schoolhouses are notable in their number and appearance. The towns and cities are full of local pride because of increasing well-paved streets, fine residences and public buildings.

modities or lessened figures for the things he purchases. His problem is the only understandable exposition of the theory of relativity.

Among the methods by which the farmer seeks to solve the problems which encompass him, none are so popular and none so efficient as the various phases of cooperative work.

The Iowa State College of Agriculture recently made an exhaustive study of one form of cooperation, that of livestock shipping, with that impartiality and thoroughness which characterizes the investigations of the state agricultural colleges as a class. It is the story of small beginnings some sixteen years ago, but, like the children's rhyme, tall oaks from little acorns have grown until now these cooperative shipping associations are scattered all over the state. They now comprise about 27½ per cent of the live stock industry of the state, or about 50,000 car loads annually, or a total value of over \$100,000,000. They are still largely in the formative stage, not a concrete whole as yet, occasionally loose jointed, but always exhibiting that essential form of life known as growth. This increase has not always been easy and peaceful. For they have had fears within and without, not always harmony

(Continued on page 31)

on the inside, and often opposition from without. But they are learning and progressing and, on the face of the returns, seem to save money for their patrons.

To those students of economics who reckon new movements and impulses in mathematical equations and impregnable averages it may be a revelation that the initial impelling motive of the formation of these associations was not so much the hope of more economical methods of distribution, nor general dissatisfaction with the local buyer, as the age-old desire, expressed in their own words: "The boys wanted to have their business in their own hands."

Anent the livestock business there comes a story from Texas which tells of the nearing of the end of one of the many constructive things done by the Department of Agriculture. It is the freeing of fifty-four counties in the Lone Star State from the cattle tick which for many generations made cattle raising in the South so difficult and often impossible.

Almost the entire South is now on the high road toward its manifest destiny of being the great cattle-raising section of the country. For, live stock became a necessity when the boll weevil forced diversification and the raising of more food products. Otherwise there was no market for such products and no means of disposing of them. Dairy cows became an essential part of the program, and consequent dairy products followed, until they now form one the increasing sources of revenue to the farmers. With this naturally went along the poultry industry that is filling the South with the highbred commercial fowl that is fast supplanting not only the dunghill fowl but the game cock with two centuries of history behind him.

Change, All for the Better

SUCH change as is apparent in industrial life is rather for the better. Textiles are in fair shape and leather maintains both its demand and appreciation in prices. There is some increase in the output in steel and iron products, but the recent rise in prices is not altogether convincing as to its being permanently higher. There is better demand for lumber at somewhat higher figures. The belief is general that next spring will usher in renewed activity in building and all construction. The oil business seems to have struck bottom and started upward, since prices are higher and the demand will naturally reflect any improvement in manufacturing and transportation.

There is a story in the Arabian Nights of a fisherman who set free a Genii from prison where he had been held captive for a thousand years and naturally expected all manner of gratitude and service in consequence from the released spirit. But he found to his surprise that the Genii had his own notions of gratitude.

Possibly some of the ardent advocates of female suffrage and equal rights did not realize, now that the trumpets are blown and the walls down, that the farm woman, the supposedly typical drudge, would seek to make farm life more attractive by starting with her own lot and issue an ultimatum, as she has done in Nebraska, that for every labor-saving device outside the farm house there shall be a counterpart within the walls of the home. As the female of the species, especially the mother type, is at once both elemental and constructive and also knows what she wants, it is more than likely that she struck at the root of why farm life has been too much of that all work which makes Jack a dull boy.



Vigilance

THE VALUE TO THE PUBLIC of the Bell System service is based on the reliability, promptness and accuracy of that service.

As quality of service depends upon the economic operation of all telephone activities, vigilance begins where work begins. Science and engineering skill enter into the selection of all raw materials; and into the adapting and combining of these materials to the end that the finished product may be most efficient in operation and endurance, and produced at the least cost.

A series of progressive tests are made at every step during the transformation of these materials into telephone plant and equipment. And when all these complicated devices, with their tens of thousands of delicately constructed parts, are set in operation they are still subjected to continuous, exhaustive tests.

As the best of materials and the most complete machinery is of little value without correct operation, the same ceaseless vigilance is given to the character of service rendered in providing telephone communication for the public.

Such constant vigilance in regard to every detail of telephone activity was instrumental in upholding standards during the trials of reconstruction. And this same vigilance has had much to do with returning the telephone to the high standard of service it is now offering the public.

"BELL SYSTEM"

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
AND ASSOCIATED COMPANIES

One Policy, One System, Universal Service, and all directed toward Better Service





First, the *Flow-Type* roller sets the type for you. It is simple, speedy and without mechanical complications. A line at a time, the type are set in a segmental drum.



Second, you transfer the segmental drum on which the complete letter has been set up, to the Multigraph, and lock it into place.

THE AMERICAN MULTIGRAPH SALES COMPANY

Executive & General Offices E. 40th St. & Kelley Ave.
Cleveland, Ohio, U.S.A.

November 1st, 1921.

TO ALL MULTIGRAPH SALESMEN:

There are a lot of people who think any kind of process-letter is a "Multigraph-ed" letter. There are plenty of others who think that any device that produces quantities of letters that look typewritten is a Multigraph.

One of the biggest jobs we have is to correct these misapprehensions, because they aren't good for the people who entertain them any more than they are good for us.

If a man has a need for typewritten letters in quantity, (and nearly every businessman has, although he doesn't always recognize it), he certainly needs all the quality and attractiveness that can be put into letters, whether produced singly or by thousands.

You know, and I know, that the only way we can get these things, combined with great speed and economy in production, is with the Multigraph. We know that the Multigraph is the original and only machine to absolutely duplicate the hand-typewriter process, and that it differs only because it prints a whole letter at once, instead of one character at a time.

But, as I said, there are a lot of people who do not understand this, and we must try every day to reduce their number. We must make it plain that you can't make a "Multigraph-ed" letter like this one anywhere but on a Multigraph, and that there is no process-letter that compares with the Multigraph-ed letter in attractiveness and effectiveness, and in the credit it reflects on the sender.

Tell the world about this. We can't make 'em all buy, but we can make 'em all listen!

Yours truly,

W. C. Dunlap
W. C. Dunlap,
Vice President in charge of Sales.

"MULTIGRAPHed"

What Do You Know About Your Mailing List?

Too many businesses think a mailing list is just a list of names. Rightfully regarded, it is a list of names, and *correct addresses*, of people to whom there is some sense in sending your direct-mail material.

There may be some other thing in advertising practice that is more neglected than the average mailing list, but off-hand it isn't easy to name it. The average list represents a good deal in the way of time and money and labor, already expended, and the additional effort required to keep it efficient and effective is relatively so small that it is hard to understand why it is done so infrequently.

The difference between hit-or-miss and reasonable accuracy in the mailing list often measures the difference between success and failure with direct-mail.

"How to Compile a Mailing List"

This is a new publication, which you should send for whether you think you need it or not. It is the best thing in print for the man who is just preparing a list, but it is no less valuable to the business that is already using direct-mail successfully. Check yourself and your mailing practice with the principles set forth in this little booklet, and learn from it how to be right, and how to stay right, on this all-important matter. Ask on the coupon.



Third, you place a Multi-graph ribbon (same as a typewriter ribbon, but larger) around the segmental drum.

The MULTIGRAPH TYPEWRITER



Fourth, you fill the automatic feed with letterheads, start the motor, and the Multigraph typewrites the letters. If desired, the operator can set up or distribute the type of another letter while the other is being run.



There is but one kind of Multigraphed letter—that produced on a MULTIGRAPH TYPEWRITER

FILL IN AND MAIL THIS COUPON NOW!

AMERICAN MULTIGRAPH SALES CO., 1818 E. 40th, Cleveland, Ohio—I would like to know how Direct-Mail can pay its way in the _____ business. And I would also like you to fill the requests checked below.

- ☐ Send me the booklet, "How to Compile a Mailing List"
- ☐ Send me the booklet, "Following Through With Follow-Up"
- ☐ Send me the booklet, "How to Sell in a Buyers' Market"
- ☐ Send me the booklet, "Blazing the Trail—The Right Way to Make a Start in Advertising"
- ☐ Send me information about the Multigraph
- ☐ Send a representative to tell me about Direct-Mail Selling and how the Multigraph makes it so economical.

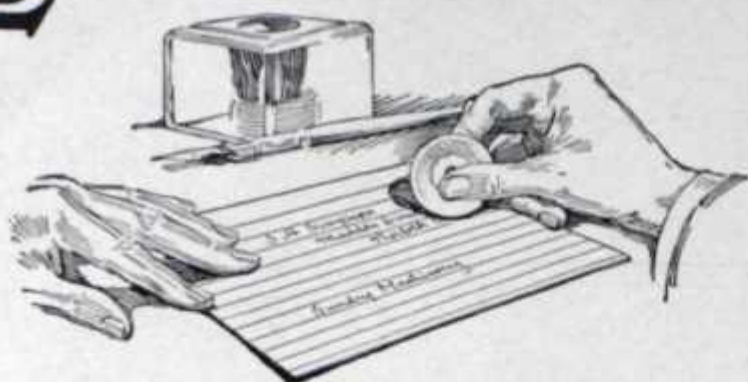
Firm _____

Name _____ Position _____

Street _____

Town _____ State _____ Nat. Bus. Nov.

B



Try this eraser test on your record cards

Take one of your record cards. Write on it in ink. Then rub out. Write again on the card in ink. If the ink blurs, it means that the "insides" of your card will not live up to the promise of its smooth face. It will not stand up under constant daily fingering.

If the ink does not blur—if the writing is clear and clean—it proves that you have a card of the same quality all the way through; a card made from finest quality rag stock—probably a Library Standard card.

Library Standard cards will withstand the eraser test until worn through. Put them to this test—or any other test. They will prove to you in advance what many businesses have learned from experience—that Library Standard cards are one quality all the way through. That is why, in actual use, they have given service for 25 years.

Phone, write or call for sample cards, and a copy of "Card and Filing Supplies."

Library Bureau

Card and filing systems

Filing cabinets wood and steel



Boston	New York	Philadelphia	Chicago
43 Federal st.	316 Broadway	910 Chestnut st.	6 N. Michigan ave.
Albany, 51 State Street Atlanta, 102 N. Pryor Street Baltimore, 14 Light Street Birmingham, Vaucliff Floor, Jefferson County Bank Bldg. Bridgeport, 100 Main Street Buffalo, 120-122 Pearl Street Cleveland, 243 Superior Arcade Columbus, 20 South Third Street Denver, 450-456 Gas and Electric Bldg. Free Moines, 203 Hubbard Bldg. Detroit, 1416 Washington Bldg. Erie, Pa., 223 Commerce Bldg. Fall River, 95 Bedford Street Hartford, 78 Pearl Street Houston, 1116 Texas Avenue	Indianapolis, 212 Merchants Bank Bldg. Kansas City, 15 Oaxack Bldg. Louisville, Ky., 508 Republic Bldg. Milwaukee, 620 Cassell Bank Minneapolis, 418 Second Avenue, South New Orleans, 312 Camp Street Newark, N. J., 31 Clinton Street Pittsburgh, 637-639 Oliver Bldg. Portland, Me., 665 Masonic Bldg. Providence, 70 Westminster Street Richmond, 1223-24 Mutual Bldg. St. Louis, 805-815 Arcade Bldg. St. Paul, 111 Endicott Arcade Scranton, 400 Cornell Bldg. Springfield, Mass., Whittier Bldg. 310 Main Street	Syracuse, 401-407 Gurney Bldg. Toledo, 620 Spitzer Bldg. Washington, 743 15th Street, N. W. Worcester, 327 State Mutual Bldg.	Distributors F. W. Wentworth & Co. San Francisco, 339 Market Street Seattle, 912 Third Avenue Oakland, 305 Thirteenth Street McKee & Wentworth Los Angeles, 440 Pacific Electric Bldg. Parker Bros. Dallas, 1018 Commerce Street C. G. Adams Salt Lake City, 204-205 Nass Bldg.

FOREIGN OFFICES

London Manchester Birmingham Cardiff Paris

To Make World Trade Simpler

(Continued from page 23)

The success of the present movement depends also, of course, upon the attitude of the governments of the various commercial countries. Uniformity cannot be accomplished by friendly agreement between the interested parties, if the lawmakers pass statutes which conflict with the rules. Also, in so far as there is a conflict, today, between any existing law and rules, the law in question must be amended. Of course, in the countries which have passed no law at all, the situation is simple, and, indeed, it is comparatively simple everywhere, because the rules are so similar to the existing legislation.

I have discussed the situation with some of the officials of the United States Shipping Board, and also with Senator Jones, and, as I had expected, I was given every reason to believe that the cooperation of this country would be prompt. I was authorized by Senator Jones to inform the British owners that, if they would accept the new rules, he would personally advocate any reasonable amendment in the Harter Act which might be necessary to make our law conform with the rules.

The First Step Ahead

OF course, it is necessary, in a matter of this kind, to take one step at a time. But, after we have secured uniform laws and uniform forms, the third step in the development of the present movement will, I hope, be the general recognition of the International Chamber of Commerce as the best medium through which, hereafter, to discuss any differences which may arise between carriers, shippers, bankers, or underwriters, with reference to shipping documents. The purpose of the International Chamber and its Committee will always be to advocate scrupulous fairness to all parties concerned, and not to represent nor seek to obtain an advantage for any particular interest. When parties are brought together upon that platform, no matter what their differences may be, a friendly adjustment should be possible. Frank discussion will usually suggest a cure which is never obtainable through litigation.

Throughout the consideration of this whole question, one truth should be kept constantly in mind. The precise form of a carrier's bill of lading, or the precise point at which the carrier's liability ceases and the cargo underwriter's begins, is not now, and never has been, the important question. The vital thing is that obligations and forms should be uniform. Then, and only then, can all parties protect themselves intelligently, and the party who accepts a known risk can always cover himself by insurance and double insurance can be avoided. Of course, in the last analysis, the whole dispute really can be resolved into the single question: Who assumes the risk and pays the insurance premiums? The only modification of that statement is that the carriers should accept such risks as will incline them, their agents, and their officers aboard ships, to use all reasonable care to prevent damage and loss.

HAGUE RULES, 1921

Defining the Risks to Be Assumed by Sea Carriers under a Bill of Lading

ARTICLE I.—DEFINITIONS

In these Rules: (a)—"Carrier" includes the owner or the charterer, who enters into a contract of carriage with a shipper. (b)—"Contract of carriage" means a bill of lading or any similar document of title in so far as such document relates to the car-

riage of goods by sea. (c)—"Goods" includes goods, wares, merchandise, and articles of every kind whatsoever except live animals and cargo carried on deck. (d)—"Ship" includes any vessel used for the carriage of goods by sea. (e)—"Carriage of goods" covers the period from the time when the goods are received on the ship's tackle to the time when they are unloaded from the ship's tackle.

ARTICLE II.—RISKS

Subject to the provisions of Article V, under every contract of carriage of goods by sea the carrier, in regard to the handling, loading, stowage, carriage, custody, care and unloading of such goods, shall be subject to the responsibilities and liabilities, and entitled to the rights and immunities, hereinafter set forth.

ARTICLE III.—RESPONSIBILITIES AND LIABILITIES

1. The carrier shall be bound before and at the beginning of the voyage to exercise due diligence to, (a)—make the ship seaworthy. (b)—Properly man, equip and supply the ship. (c)—Make the holds, refrigerating and cool chambers, and all other parts of the ship in which goods are carried, fit and safe for their reception, carriage, and preservation.

2. The carrier shall be bound to provide for the proper and careful handling, loading, stowage, carriage, custody, care, and unloading of the goods carried.

3. After receiving the goods into his charge the carrier, or the master or agent of the carrier, shall on the demand of the shipper issue a bill of lading showing, amongst other things: (a)—The leading marks necessary for identification of the goods as the same are furnished in writing by the shipper before the loading starts, provided such marks are stamped or otherwise shown clearly upon the goods if uncovered, or on the cases or coverings in which such goods are contained, in such a manner as will remain legible until the end of the voyage. (b)—The number of packages or pieces, or the quantity, or weight, as the case may be, as furnished in writing by the shipper before the loading starts. (c)—The apparent order and condition of the goods.

Provided, that no carrier, master or agent of the carrier shall be bound to issue a bill of lading showing description, marks, number, quantity, or weight which he has reasonable ground for suspecting do not accurately represent the goods actually received.

4. Such a bill of lading issued in respect of goods, other than goods carried in bulk and whole cargoes of timber, shall be *prima facie* evidence of the receipt by the carrier of the goods as therein described in accordance with sections 3 (a), (b), and (c).

Upon any claim against the carrier in the case of goods carried in bulk or whole cargoes of timber the claimant shall be bound, notwithstanding the bill of lading, to prove the number, quantity, or weight actually delivered to the carrier.

5. The shipper shall be deemed to have guaranteed to the carrier the accuracy of the description, marks, number, quantity and weight, as furnished by him, and the shipper shall indemnify the carrier against all loss, damage and expenses arising or resulting from inaccuracies in such particulars.

6. Unless written notice of a claim for loss or damage and the general nature of such claim be given in writing to the carrier or his agent at the port of discharge before the removal of the goods, such removal shall be *prima facie* evidence of the delivery by the carrier of the goods as described in the bill of lading, and in any event the carrier and the ship shall be discharged from all liability in respect of loss or damage unless suit is brought within 12 months after the delivery of the goods.

7. After the goods are loaded the bill of lading to be issued by the carrier, master or agent of the carrier to the shipper shall, if the shipper so demands, be a "shipped" bill of lading, provided that no "received for shipment" bill of lading or other document of title shall have been previously issued in respect of the goods.

In exchange for and upon surrender of a "received for shipment" bill of lading the shipper shall be entitled when the goods have been loaded to receive a "shipped" bill of lading.

A "received for shipment" bill of lading which has subsequently been noted by the carrier, master or agent with the name or names of the ship or ships upon which the goods have been shipped and the date or dates of shipment, shall for the purpose of these Rules be deemed to constitute a "shipped" bill of lading.

8. Any clause, covenant or agreement in a contract of carriage relieving the carrier or the ship from liability for loss or damage to or in connection with goods arising from negligence, fault or failure in the duties and obligations provided in this article or lessening such liability otherwise than as provided in these rules, shall be null and void, and of no effect.

ARTICLE IV.—RIGHTS AND IMMUNITIES

1. Neither the carrier nor the ship shall be liable for loss or damage arising or resulting from unseaworthiness unless caused by want of due diligence on the part of the carrier to make the ship seaworthy, and to secure that the ship is properly manned, equipped and supplied.

2. Neither the carrier nor the ship shall be responsible for loss or damage arising or resulting from: (a)—Act, neglect, or default of the master, mariner, pilot, or the servants of the carrier in the



Keeping "check" on your checks

Your money is guarded most carefully by all the modern protection available. Safety, absolute and complete, is a good banker's first thought. He closes every loss loophole, closes them all tightly, for your absolute protection.

That is why thousands of banks now provide *Insured* bank checks for their customers. They provide the most absolute check protection in existence, and it costs customers nothing.

Just ask for these Super-Safety *Insured* bank checks, or write for the name of a banker who will gladly accommodate you.

LOOK FOR THE EAGLE DESIGN
ON EVERY CHECK YOU SIGN

Protected by individual bonds of
The American Guaranty Company.
These checks are the safest you can use.

\$1,000.00 of check insurance
against fraudulent alterations,
issued without charge,
covers each user against loss.

SUPER-SAFETY
Insured
BANK-CHECKS

The Bankers Supply Company

The Largest Manufacturers of Bank Checks in the World

NEW YORK
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CHICAGO
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DENVER
SAN FRANCISCO

IN THE MIDST OF THINGS



The CONTINENTAL and COMMERCIAL BANKS

CHICAGO

Complete Banking Service

More than \$55,000,000 Invested Capital

navigation or in the management of the ship.
(b)—Fire. (c)—Perils, dangers and accidents of the sea or other navigable waters. (d)—Act of God. (e)—Act of war. (f)—Act of public enemies. (g)—Arrest or restraint of princes, rulers or people, or seizure under legal process. (h)—Quarantine restrictions. (i)—Act or omission of the shipper or owner of the goods, his agent or representative. (j)—Strikes or lockouts or stoppage or restraint of labor from whatever cause, whether partial or general. (k)—Riots and civil commotions. (l)—Saving or attempting to save life or property at sea. (m)—Inherent defect quality or vice of the goods. (n)—Insufficiency of packing. (o)—Insufficiency or inadequacy of marks. (p)—Latent defects not discoverable by due diligence. (q)—Any other cause arising without the actual fault or privity of the carrier, or without the fault or neglect of the agents, servants or employees of the carrier.

3. Any deviation in saving or attempting to save life or property at sea, or any deviation authorized by the contract of carriage shall not be deemed to be an infringement or breach of these Rules or of the contract of carriage, and the carrier shall not be liable for any loss or damage resulting therefrom.

4. Neither the carrier nor the ship shall be responsible in any event for loss or damage to or in connection with goods in an amount beyond £100 per package or unit, or the equivalent of that sum in other currencies unless the nature and value of such goods have been declared by the shipper before the goods are shipped and have been inserted in the bill of lading.

By agreement between the carrier, master or agent of the carrier and the shipper another maximum amount than mentioned in this paragraph may be fixed, provided that such maximum shall not be less than the figures above named.

The declaration by the shipper as to the nature and value of any goods declared shall be *prima facie* evidence, but shall not be binding or conclusive on the carrier.

5. Neither the carrier nor the ship shall be responsible in any event for loss or damage to or in connection with goods if the nature or value thereof has been wilfully misstated by the shipper.

6. Goods of an inflammable or explosive nature, or of a dangerous nature, unless the nature and character thereof have been declared in writing by the shipper to the carrier before shipment and the carrier, master or agent of the carrier has consented to their shipment, may at any time before delivery be destroyed or rendered innocuous by the carrier without compensation to the shipper, and the shipper of such goods shall be liable for all damages and expenses directly or indirectly arising out of or resulting from such shipment. If any such goods shipped with such consent shall become a danger to the ship or cargo they may in like manner be destroyed or rendered innocuous by the carrier without compensation to the shipper.

7. A carrier shall be at liberty to surrender in whole or in part all or any of his rights and immunities under this Article, provided such surrender shall be embodied in the bill of lading issued to the shipper.

ARTICLE V.—SPECIAL CONDITIONS

Notwithstanding the provisions of the preceding articles, a carrier, master or agent of the carrier and a shipper shall in regard to any particular goods be at liberty to enter into any agreement in any terms as to the responsibility and liability of the carrier for such goods, and as to the rights and immunities of the carrier in respect of such goods, or his obligation as to seaworthiness, or the care or diligence of his servants or agent in regard to the handling, loading, stowing, custody, care and unloading of the goods carried by sea, provided that in this case no bill of lading shall be issued and that the terms agreed shall be embodied in a receipt which shall be a non-negotiable document and shall be marked as such.

Any agreement so entered into shall have full effect.

ARTICLE VI.—LIMITATIONS ON THE APPLICATION OF THE RULES

Nothing herein contained shall prevent a carrier or a shipper from entering into any agreement, stipulation, condition, reservation or exemption as to the responsibility and liability of the carrier or the ship for the loss or damage to or in connection with the custody and care and handling of goods prior to the loading on and subsequent to the unloading from the ship on which the goods are carried by sea.

ARTICLE VII.—LIMITATION OF LIABILITY

The provisions of these Rules shall not affect the rights and obligations of the carrier under the Convention relating to the limitation of the liability of owners of seagoing vessels.

A Bibliography on Unemployment

A BIBLIOGRAPHY on the unemployment question has been prepared by the Department of Labor Library. It includes references only to literature published since 1914, and copies of all the publications listed are available in the Department of Labor Library. Copies of it have been furnished to the secretary of the President's Unemployment Conference.

Log of Organized Business

Committees of business leaders named for departments of the United States Chamber—A study of retail waste—The problem of freight movement at port terminals—A call for unemployment relief

LEADERS OF BUSINESS from all over the country have answered the call of the Chamber of Commerce of the United States and new departmental committees have been named, as well as the governing board for **THE NATION'S BUSINESS**. In choosing each committee an effort has been made not only to serve geographic needs but to give representation to all forms of business which are interested in the specific department. Here are the new committees:

CIVIC DEVELOPMENT DEPARTMENT

R. Goodwyn Rhett, president People's National Bank, Charleston, S. C., *Chairman*; A. L. Humphrey, president Westinghouse Air Brake Co., Pittsburgh; Frederick B. Wells, vice-president F. H. Peavey & Co., Minneapolis; Morris Knowles, Morris Knowles, Inc., Engineers, Pittsburgh; A. B. Farquhar, York, Pa.; R. B. Beach, business manager Chicago Association of Commerce, Chicago; Emmett Hay Naylor, secretary Writing Paper Manufacturers' Association, 18 East 41st St., New York City; William F. Willoughby, director Institute of Government Research, Washington; W. Frank Persons, American Red Cross, Washington; Dr. Thomas E. Finegan, State Superintendent of Education, Harrisburg, Pa.

DOMESTIC DISTRIBUTION DEPARTMENT

Theodore F. Whitmarsh, president Francis H. Leggett & Co., New York City, *Chairman*; Julius H. Barnes, Barnes-Ames Co., 42 Broadway, New York City; A. Lincoln Filene, William Filene's Sons Co., Boston; R. E. Kennington, R. E. Kennington Co., Jackson, Miss.; G. Harold Powell, California Fruit Growers' Association, Los Angeles; A. W. Shaw, A. W. Shaw Co., Chicago; Richard Waldo, Publisher Hearst's International, New York City; Thomas E. Wilson, Wilson & Co., Chicago; L. T. Crutcher, president L. T. Crutcher Warehouse Co., Kansas City, Mo.

FABRICATED PRODUCTION DEPARTMENT

Homer L. Ferguson, president Newport News Shipbuilding and Dry Dock Company, Newport News, Va., *Chairman*; Dorr E. Felt, Felt and Tarrant Manufacturing Co., Chicago; William Butterworth, Deere and Company, Moline, Ill.; Philip S. Tuley, president Louisville Cotton Mills Co., Louisville, Ky.; Henry S. Dennison, Dennison Manufacturing Co., Framingham, Mass.; Frank Wilbur Main, Main & Co., Farmers' Bank Building, Pittsburgh; A. J. Brosseau, president International Motors Co., New York; F. L. Lamson, treasurer Norwalk Tire and Rubber Co., Norwalk, Conn.; A. F. Knobloch, Cleveland Tractor Co., Cleveland; C. S. Sale, The Railway Car Manufacturers' Association, New York City.

FOREIGN COMMERCE DEPARTMENT

Willis H. Booth, vice-president Guaranty Trust Co., New York City, *Chairman*; George Ed. Smith, president Royal Typewriter Co., New York City; Paul Shoup, vice-president Southern Pacific Railway Co., San Francisco; A. E. Ashburner, foreign sales manager American Multigraph Sales Co., Cleveland; F. H. Farwell, vice-president Litcher and Moore Lumber Co., Orange, Texas; Louis S. Goldstein, Louis Goldstein and Sons, New Orleans; Philip B. Kennedy, vice-president First Federal Foreign Banking Association, New York City; William E. Peck, William E. Peck and Co., 140 Front St., New York City; William C. Redfield, Redfield & Wilson, 50 Broad Street,

New York City; Frank H. Taylor, president S. S. White Dental Mfg. Co., Philadelphia; Everett B. Terhune, treasurer and general manager Boot and Shoe Recorder, Boston; H. W. Ackhoff, G. N. Sheldon & Co., Chicago.

THE NATION'S BUSINESS

Lewis E. Pierson, chairman of the board, Irving National Bank, New York City, *Chairman*; Ernest T. Trigg, John Lucas & Co., Philadelphia; C. A. McCormick, Johnson & Johnson, New Brunswick, N. J.; Moody B. Gates, president People's Home Journal, New York City.

NATURAL RESOURCES

C. S. Keith, president Central Coal and Coke Company, Kansas City, Mo., *Chairman*; J. H. Ross, president Exchange Supply Co., Winter Haven, Fla., *Vice-Chairman*; J. E. Spurr, editor Engineering and Mining Journal, New York City; Christy Payne, Natural Gas Association of America, 26 Broadway, New York City; E. T. Meredith, editor Successful Farming, Des Moines; Sidney J. Jennings, vice-president United States Smelting, Mining and Refining Company, Boston; R. V. Norris, Second National Bank Building, Wilkes-Barre, Pa.; Van H. Manning, director American Petroleum Institute, New York City; W. N. Davis, president Midcontinent Oil and Gas Association, Bartlesville, Okla.

FINANCE DEPARTMENT

Lewis E. Pierson, chairman of the board, Irving National Bank, New York City, *Chairman*; John W. Staley, president People's State Bank, Detroit, Mich., *Vice-Chairman*; Fred I. Kent, vice-president Bankers Trust Company, New York City; Thomas B. McAdams, vice-president Merchants National Bank, Richmond, Va.; George E. Roberts, vice-president National City Bank, New York City; Prof. Fred R. Fairchild, Yale University, New Haven, Conn.; H. J. Seonce, Agriculturist, Sidell, Illinois; Geo. A. Ranny, treasurer International Harvester Co., Chicago; E. L. Carpenter, Shevlin Carpenter Lumber Company, Minneapolis; W. F. Gephart, vice-president Second National Bank, St. Louis; W. L. Clayton, Anderson Clayton & Company, Houston, Texas.

INSURANCE DEPARTMENT

James S. Kemper, president and manager Lumbermen's Mutual Casualty Co., Chicago, *Chairman*; C. H. Remington, vice-president Aetna Casualty and Surety Co., Hartford, Conn., *Vice-Chairman*; Robt. Bird, vice-president Milwaukee Mechanics Insurance Co., Milwaukee; F. Highland Burns, president Maryland Casualty Co., Baltimore; Sheldon Catlin, vice-president Insurance Co. of North America, Philadelphia; E. A. Frost, president Frost-Johnson Lumber Co., Shreveport, La.; A. H. Greeley, president General Cartage and Storage Co., Cleveland, Ohio; Henry Moir, vice-president Home Life Insurance Co., New York City; E. S. Nail, president and manager Lumbermen's Mutual Insurance Co., Mansfield, Ohio; George D. Markham, William H. Markham & Co., St. Louis; J. B. Levison, president Firemen's Fund Insurance Co., San Francisco; Prof. S. S. Huebner, University of Pennsylvania, Philadelphia; Joel Rathbone, vice-president National Surety Co., New York City; C. A. McCotter, secretary Grain Dealers National Mutual Fire Insurance Co., Indianapolis.

(Continued on page 38)



How does Your Banker view your BUSINESS METHODS?

Do you Budget the retirement of your LOANS and OBLIGATIONS as well as Sales, Purchases, Pro- duction and Costs?

Does Performance Equal each item in Your Budget?

The
Preparation of
Budgets
and
the Control of
Performance
is a part of
Our Business
**CONSULT
US**
or your Banker
about
Our Service

THE
**J. G. WHITE MANAGEMENT
CORPORATION**

43 EXCHANGE PLACE

NEW YORK



Where commerce is opening new pathways

AN Eldorado reached only by traveling a rugged road; vast wealth in latent resources; immense agricultural production; amazingly prosperous cities rewarding breathless climbs to mountain heights; that is South America. Though the people welcome our commercial advances, North American firms have met with varying degrees of success in courting these markets.

Experience indicates that the *manner of approach* strongly influences the result. European firms have won favor by keen missionary work supported by merchandising methods adapted to local customs. American firms strongly established there also testify to the advantages of transacting business *according to the preferences of the various countries.*

From Caracas to Cape Horn, The National Shawmut Bank is represented by affiliated strong local banks—*practically branch banks*—which are energetic in welding the tie between the two Americas. These affiliates are directed by able officers who interpret the customs and markets for the benefit of exporters and importers. They constitute a strong link in the service Shawmut renders to clients who invite us to assist them in cultivating South American friendships.

It would give us pleasure to serve you

THE NATIONAL SHAWMUT BANK of BOSTON

Capital, surplus and undivided profits, \$22,000,000



WRITE FOR
COPIES OF OUR
BOOKLETS:

*Foreign Exchange
The Webb Law
The Edge Law
Acceptances
Scandinavia*

TRANSPORTATION AND COMMUNICATION DEPARTMENT

Howard Elliott, chairman of the board, Northern Pacific Railway Company, New York City, *Chairman*; Lewis B. Stillwell, consulting engineer, Lakewood, N. J., *Vice-Chairman*; Edwin O. Edgerton, president East Bay Water Co., Alaska Commercial Bldg., San Francisco; George A. Post, Hudson River Bridge Corporation, New York City; Wilmer W. Salmon, president General Railway Signal Company, Rochester, N. Y.; H. H. Raymond, president Clyde Steamship Company, New York City; A. J. Brosseau, president International Motors Company, New York City; Philip H. Gadsden, vice-president United Gas Improvement Company, Philadelphia; Douglas A. Fiske, president Northeast Terminal Co., Minneapolis; B. F. Cresson, chief engineer, The Port of New York Authority, New York City; J. J. Carty, vice-president American Telephone and Telegraph Company, New York City; Lucius Teter, president Chicago Trust Company, Chicago, Illinois; M. W. Whitsitt, president The Carolina Line, Charleston, S. C.

Appeal for Idle Workers

THE Chamber of Commerce of the United States has appealed to all member organizations to support the emergency program for the relief of idle workers proposed by the National Conference on Unemployment.

Joseph H. Defrees, president of the Chamber, has sent them the following message:

As a participant in the President's Conference on Unemployment, I bring to the attention of the members of the Chamber the conclusions and recommendations which the conference has now reached. These recommendations are intended to meet the immediate situation. Their efficacy depends upon the vigor with which they are followed in each city.

Every organization of business men should take prompt action in the creation of the emergency committees which the conference recommends, and cooperate with these committees for the accomplishment of results which will be beneficial to all elements in the community.

The conference will later make recommendations which will suggest measures intended to stimulate revival of business, thereby increasing opportunities for employment and methods for avoiding in the future the causes of unemployment. Its emergency program, however, deals with the immediate present and should be given effect with the utmost expedition.

International Chamber Grows

THIRTEEN COUNTRIES now have membership in the International Chamber of Commerce. Applications for membership from several other countries were acted on by the Chamber's board of directors, which met in Paris in October. The countries holding membership are: Argentina, Austria, Belgium, Czecho-Slovakia, Denmark, France, Great Britain, Italy, Luxemburg, Netherlands, Poland, Sweden, and the United States.

The Paris meeting was attended by two of the six American directors, Owen D. Young, vice-president of the General Electric Company, and Edward A. Filene, president of William Filene's Sons Company, of Boston, and by Elliot H. Goodwin, resident vice-president of the Chamber of Commerce of the United States.

A cable despatch from Mr. Goodwin says that the Council created an executive committee which will meet in December. John H. Fahey is the representative of the United States on the committee. The next meeting of the International Chamber will be held the week of September 18, 1922, in Rome.

The American Bankers Association at its Los Angeles meeting on October 8 adopted

a resolution approving the purposes of the International and calling upon the members of the Bankers' Association to support it.

Railroad Executives' Testimony

THE VAST MASS of testimony given at the railroad hearings before the Senate Committee on Interstate Commerce has been boiled down by the Transportation Department of the National Chamber so that it is readily accessible from the standpoint of each of the interests involved. One pamphlet, already prepared, sums up the testimony of the railroad executives. Others will cover the testimony of railroad security owners, railroad employees, railroad shippers and passengers, and last, an interpretation from the standpoint of the business men of the country.

Here are some significant statements in the testimony of the executives:

In 1920 net railway operating income was \$62,000,000 as against \$900,000,000 average for each of the preceding five years.

The increase in wages during Federal control was responsible for a large part of the increase in operating expenses.

Compensation of all general and division railroad officers amounted to only 2.42 per cent of the wage total, an average annual compensation of 41.42 dollars.

In 1920, 97.5 cents out of every dollar of operating expense was fixed by conditions over which railroad managements have no control.

Heavy cost of maintenance during 1920 was due to accumulated undermaintenance, especially during 1919.

The national agreements were responsible for a large part of the increase in operating expense.

Abrogation of the national agreements is by no means assured.

The increase in freight rates had no appreciable effect on the volume of traffic and only a slight effect on the cost of commodities.

During the five-year period, 1916 to 1920, the volume of traffic handled by Class 1 roads increased 18 per cent and the labor cost of handling this traffic 155 per cent.

The abolition of piece work in 1918 brought a reduction in efficiency of from 10 to 40 per cent among shop employees.

Under Federal control the efficiency of both officers and employees was reduced.

In 1920 the railroads handled the largest volume of traffic they have ever handled in any one year.

The executives recognize that there are certain fields in which it would be possible for the roads to make substantial economies, without expenditure of excessive capital sums. There are other fields where improvements and economies would require large outlays.

Present freight rates as a whole are not unreasonable.

Freight transportation is probably the cheapest commodity in the country today.

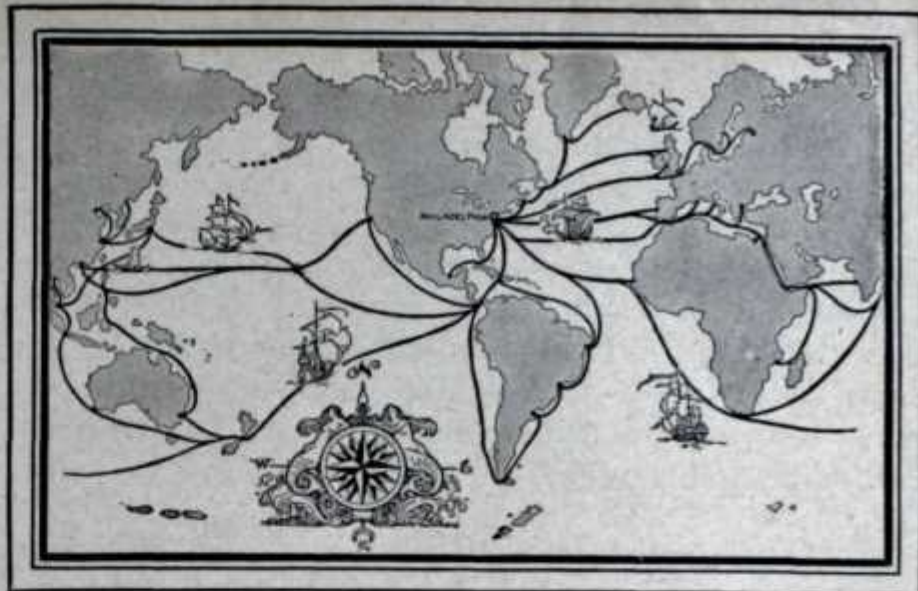
The executives believe the Transportation Act provides effective machinery for remedying, in so far as it may be done by national legislation, the difficulties in which the roads now find themselves.

There should be no general freight reduction until operating expenses have been reduced.

Operating expenses should be reduced by abrogation of the National agreements, by reducing railroad wages to a normal level and by restoring to railroad owners and managers the authority to operate with due economy and efficiency.

The working capital of the roads should be restored to them by funding all the expenditures for additions and betterments made during the period of federal control.

Congress should allow time for a fair trial of the Transportation Act.



SHIPS *from* 100 PORTS

dock at Philadelphia's piers, bringing merchandise from the ends of the earth and loading again with products from every section of the United States.

Exporters and importers will find upon investigation that the port of Philadelphia furnishes the best possible combination of railroad facilities with port terminals; the most modern system of piers, wharves and docks, most advantageous rates on long hauls to tidewater; frequent sailings to all important ports of the world, and low port charges.

For shippers seeking Philadelphia banking connections, The Philadelphia National Bank offers valuable financial counsel and all facilities for foreign and domestic trade.

THE
**PHILADELPHIA
NATIONAL
BANK**
PHILADELPHIA, PA.

Unity of American Banking

The basic strength of our financial structure rests in the thousands of local banks which constitute the first line of American banking. Such a bank is a bond of union between its own community and world markets. It provides a safe and orderly process for collections and payments, whether local, national or international. It has access to national credit resources requisite for local needs and in turn merges the surplus of its community into the national pool of capital.

By the very nature of its purpose your bank is vitally interested in and essential to your financial welfare. Its success depends on yours; your problems are the problems of your bank. It understands your business—its needs and opportunities.

The collective power of these local banks focuses in another sort of bank which serves the country as a whole, supplementing rather than competing with local banks. The National Bank of Commerce in New York, an example of such a bank, operates on a world-wide basis, maintaining relations with the great banks of foreign countries and representing local banks in matters outside of their fields.

By reason of its vast resources this bank of national scope is able to serve those great industries whose credit needs are beyond the legal loaning capacity of local banks.

Thus, American banking constitutes a finely balanced, highly efficient machine adequate to the needs of business, whether large or small, national or international.

The National Bank of Commerce in New York is in the broadest sense a national and international commercial bank.

National Bank of Commerce in New York

Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars



Special Service for the Retailer

ESTABLISHMENT of special service for retailers and small merchants is announced by the Domestic Distribution Department of the National Chamber. The department has just issued a bulletin pointing out to the retailer the advantages of rapid turnover of his stock, and now it is engaged in a campaign of educating the small-town merchant as to methods by which he may survey the potential purchasing power of his locality.

The purpose of the campaign is to show the merchant the purchasing capacity of his town and of its outlying territory, that he may determine accurately whether he is getting his proper share of the business available.

The campaign is being carried on through local chambers of commerce.

More Miles, Not More Carriers

WE NEED more actual freight movement rather than more facilities, such as cars and ships. That was a point brought out by J. Rowland Bibbins, manager of the Transportation Department, in a recent address before the convention on national port problems held by the American Society of Civil Engineers.

Commerce, said Mr. Bibbins, is interested in the following factors that have to do with the movement and cost of goods through terminals:

First: The clearing capacity of the gateways during heavy traffic seasons. This is analogous to the principle of designing a power plant to carry a peak load.

Second: The overall cost of transportation from the producer to the consumer, including the important terminal cost. It is the total cost from moving train to moving ship which controls.

Third: The time consumed in transit, avoiding expensive and embarrassing delays.

Fourth: Economic routes overseas which provide least time and least cost.

Fifth: The provision for continuous development to meet future growth of traffic.

In the last named respect the newer ports, the younger ports, have a great advantage because they are not handicapped by expensive precedent.

Sixth: More consideration of the transport machinery back of the bulkhead, that is, rail belt lines and motor transport auxiliaries, is required in the port, as well as the waterside facilities and equipment, likewise co-important.

Seventh: The separation of city and waterside freight transport facilities is necessary to permit each to function without interference. This should be a major feature of the City Plan.

Eighth: Acceleration of carrier equipment. This may determine success or failure.

A comprehensive report on terminal planning has just been made to the American Association of Port Authorities by Mr. Bibbins as chairman of a special committee named to investigate the subject.

The Need of Rapid Turnover

THE Domestic Distribution Department is urging on the merchants of the country the need of rapid turnover in business, and has outlined a plan of stock control records which shall spur up turnover and reduce the waste and loss due to slow movement. The department points out the seven ways in which losses may occur through slow turnover: investment, interest, mark down, salaries and wages, shelf and storage room, prestige and reputation, inefficiency. In a booklet sum-



BUREAU OF CANADIAN INFORMATION

The Canadian Pacific Railway, through its Bureau of Canadian Information, will furnish you with the latest reliable information on every phase of industrial and agricultural development in Canada. In the Complete Reference Libraries maintained at Chicago, New York and Montreal, is complete data on natural resources, climate, labor, transportation, business openings, etc., in Canada. Additional data is constantly being added.

No charge or obligation attaches to this service. Business organizations are invited to make use of it.

DEPARTMENT OF COLONIZATION AND DEVELOPMENT

Chicago
165 E. Ontario St.

Montreal, P. Q.
335 Windsor Station

New York
1270 Broadway

marizing its investigation, the department says:

Invested money is the source of profit which in turn depends upon the amount of goods in stock and upon the length of time which these goods are carried. It is evident that to double the turnover comes to the same thing as doubling the amount of stock without increasing the investment. Or, vice versa, one-half as many turnovers results in doubling the amount of money invested for the same quantity of goods.

Interest must be paid upon all borrowed money, and most merchants are borrowers. If the turnover is reduced from a period of six months to one of three months the interest on a given loan is reduced in the same proportion.

Mark-downs are required for three principal reasons:

1. The goods have proved unsalable at the original mark-up.
2. Too many were bought, and a change in the style or season has left some of them on the shelves—
3. With the result that they have been soiled, chipped, bent, or defaced otherwise by frequent handling.

Salaries and wages must be included because every operation in every establishment costs something. When an unprofitable operation is performed it represents a loss. Roughly, these losses are due to:

1. Waste of time by management in reaching decisions as to when and what mark-downs are to take place.
2. Waste of time by sales force.
3. Rewriting tickets.
4. Rearranging goods for mark-down sales.

Shelf or storage room is a definite part of the expense of doing business; and that portion which is devoted to slow-selling merchandise is wasted.

Prestige-reputation—for the high character or timeliness of merchandise is sought by most stores. There is a distinct waste measurable in dollars and cents when the reputation of an establishment is lowered by un-stylish or shopworn goods.

Inefficiency always results in waste. The buyer whose judgment often is wrong usually makes the mistakes from lack of knowledge as to the stock and the speed or slowness with which it is moving. Frequent mistakes cause uncertainty in the mind of the one who makes them, and tend to worse errors as time goes on unless some measures are taken to make them improbable.

There is just one method of reducing this waste to a minimum:

That is through records of purchases and sales which can be consulted at any moment; which will give a complete picture of the situation as it changes from week to week, from day to day, even from hour to hour, if that be desirable; and which will supply the knowledge for immediate additional purchases, for mark-downs, or for any other change in handling the stock.

In a certain establishment the direct cost of this method of stock control has amounted to less than 1 per cent of the selling price. Yet it has increased the turnover considerably in all of the departments where it has been applied; and in the department where it was first installed the turnover has nearly doubled, while the mark-down wastes have been more than cut in two. Not only has the number of turnovers increased, but also the amount of merchandise sold in each turnover. Errors in the judgment of buyers have been made less probable in the future as the causes and kind of errors have been made clear. Last, a record of the remarks by customers shows the enhanced reputation of the stock.

(Continued on page 42)

Just Plain Facts

EVERYONE resents reading a story all the way through only to find in the last paragraph that it is an ad for *Somebody's Course in Memory Training or Salesmanship Plus*. This article is frankly an advertisement.

THE OWNER never has seen his 450-acre apple ranch which I am selling for him. It never has made any money and he is sick and tired of it. He doesn't know anything about apples and doesn't want to.

He is 73 years old and the fact that he owns one of the show SKOOKUM orchards of the Northwest, that it is only ten years old, just coming into full bearing, that no commercial orchard makes money during the first ten years, that this year's crop is good and the future more than rosy—doesn't interest him. All that he knows is that for ten years he has been putting money in and very little has come out.

He knows perfectly well that this is the time to hold on, but he doesn't care. He says he is getting ready to die and he doesn't want to leave an apple ranch to his children. He wants to sell right now. In order to do so he will sell the entire property for \$250,000—half of what has been put in.

THOSE are the facts. At first I thought there must be a nigger in the wood-pile, and I came out to see, for I wouldn't undertake to sell anything off color.

But there isn't. The ranch is a beauty—irrigation system splendid, soil volcanic ash, right kinds of trees and healthy ones, remarkably efficient packing plant right on the railroad, good equipment, and a manager who loves every inch of the place and tends it like a baby. (Will buy a 20 per cent interest himself.) A corking good place to live. There isn't a thing in the world the matter with it except that the owner wants to sell at once.



Just one corner of the orchard

MY IDEA in advertising in THE NATION'S BUSINESS is not so much to find a big produce jobber who would be interested in the thing commercially (it is a mighty good buy that way)—but rather, a well-to-do man who has had enough of all work and no play, who isn't ready to give up all business, but who would like to substitute this kind of life for his old routine.

In the apple business there is ample opportunity for a man to utilize all the business ability he possesses. Yet he may relegate it to his manager if he prefers. It is fascinating, and appeals more to an intellectual man than any other outdoor avocation.

Although this entire property is within the limits of a thoroughly up and coming little town of ten thousand or so (mostly Eastern people), there is big-game hunting within a few miles, lots of bird shooting and real fishing. And the climate is superb—just enough pep in the air.

I AM NOT a real estate agent. If you wire or write me I'll tell you all the things I'd want to know about such a property if I were buying it myself. The photographs I'll send you were taken by myself mostly and I'll guarantee that the apples shown on the trees were not pinned on. If you are interested at all don't hesitate to ask questions. Address me personally at 904 White Building, Seattle.

Laura Joy Hawley
Adv.

If You Had Directed Us—

If you, and the other men responsible for the nation's sales, had come to us five years ago, and said:

"We are going to have five rich years, years of plenty, demand exceeding supply, selling easy;—then lean years, money scarce, supply exceeding demand, a buyer's market, new methods of selling.

"Please build for us a vehicle to go not to the ultimate consumer but to the manufacturers who produce for him—to the maker of breakfast foods and teakettles—a vehicle in the form of a publication to appeal exclusively to executives, to the men whose influence guides the larger purchases;—build it carefully, with no waste;—build it on the broader phases of American business—Transportation—Taxation—Distribution—Foreign Commerce—Natural Resources—Manufacturing—Insurance—Finance—Tariff.

"We foresee many new points of contact between business and government—cover them. Get advice and counsel from the ablest executives in the country.

"Gather this audience of 75,000 of the nation's executives who buy 75 per cent of the nation's production; arrange it so we can speak to this audience once a month."

No such assignment was given. No one of us had the foresight. Fortuitously, however, it has been done.

Such a vehicle has been built. THE NATION'S BUSINESS has an audience of 85,423 readers like yourself—men who represent this great part of the nation's buying power.

Published in Washington, it has that close contact with Government activities affecting business problems. We could not have done a better job if the situation had been carefully charted for us five years ago. We have painstakingly brought together an audience, a group of men with common interests, broad sweep and unity of purpose. To those who have goods to sell to them it is a representative and sympathetic audience.

Do you feel the need of making your advertising dollar do more work?

The result of two investigations we have recently completed will show you how this may be accomplished. Ask any of our offices for "The Executive Factor in Advertising" and "Direct Access to Executives."

THE NATION'S BUSINESS

Washington, D. C.

New York Office
1400 Woolworth Bldg.

Cleveland Office
1118 Ulmer Bldg.

Chicago Office
801 Otis Bldg.

A Widely Read Pamphlet

THE pamphlet on "Merchandise Turnover and Stock Control," recently issued by the National Chamber's Domestic Distribution Department, is having a wide circulation and is receiving a great deal of favorable comment. Three editions of 5,000 copies each have been exhausted, and if the present demand continues several more additions will be needed to fill the requests.

A few of the comments are as follows:

Your booklet entitled, "Merchandise Turnover and Stock Control," has been received, and I want to congratulate you on this excellent piece of work. I think it is of the utmost importance that the dealers throughout the country should be educated along this line.—Ernest T. Trigg, vice-president, John Lucas and Co., Inc., Philadelphia, Pa.

I have yours of the 17th enclosing pamphlet, which I find very interesting. I passed it on to the manager of The Mississippi Merchants' Association and suggested that he secure from you a copy for each member of the association.—R. E. Kennington, president, R. E. Kennington Co., Jackson, Miss.

A very important subject ably treated.—Harrington Emerson, Director, The Emerson Engineers, New York, N. Y.

Would be glad to use a hundred copies of your pamphlet on "Merchandise Turnover and Stock Control" for circulation among our merchants. I am sure our members will find them of extraordinary interest and be able to use them with profit to themselves.—Earl O. Stowitts, secretary, Amsterdam Board of Trade, Amsterdam, N. Y.

We certainly want to compliment you on this kind of service. This is the kind of stuff that helps.—Hugh R. Miller, secretary, Carlisle Chamber of Commerce, Carlisle, Pa.

Your excellent pamphlet, "Merchandise Turnover and Stock Control," falls right in line with our policy of assisting in the education of the small city merchant.—Ralph Morrow, secretary, Chamber of Commerce, New Rochelle, N. Y.

Forestry Policy

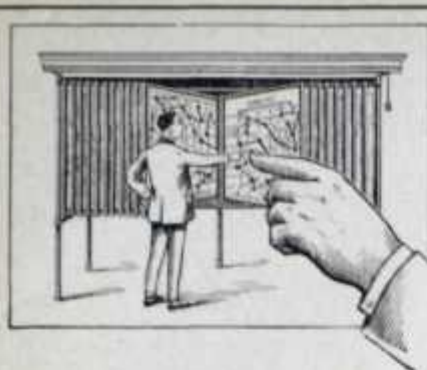
THE National Forestry Policy Committee of the Chamber has finished its hearings in the West and is now making further study of the question before making a report to the Board of Directors. In the West, the committee visited Chicago, Minneapolis, Spokane, Seattle, Portland, and San Francisco. Trips were made to forests and logging operations at Coeur d'Alene, Idaho; Tacoma, and to the mountain pine and redwood regions of California.

Pamphlet on Industrial Development

THE Organization Service Bureau of the National Chamber has just issued a publication on industrial development of commercial organizations. The pamphlet was prepared from material furnished by hundreds of organizations. It begins with an analysis of the basis of industrial development. Under the heading, "Industrial Surveys," there is presented a detailed statement of data needed for obtaining information and how it is kept up to date. Methods of procedure in locating an industry were outlined, and instructions are presented for getting in touch with prospects, for following up leads, etc.

Reclamation Being Investigated

THE subject of reclamation of waste areas will be investigated by a special committee of the Chamber of Commerce of the United States with a view to submitting the question to a referendum vote of the Chamber's mem-



Turn the Light of Day on Those

secret and hidden leaks in your organization, that are ordinarily buried in files and cabinets—useless and ineffective. Utilize **UNIVERSAL DISPLAYERS** in every department of your organization to effectively coordinate and visualize vital information and statistics.

In practically every department you will find there buried facts—important to every organization—but serving no useful purpose until brought to light, where they can be visualized and put to good use.

UNIVERSAL DISPLAYERS are being used by thousands of executives for visualizing business facts. Can be used by:

Factory Superintendents
Employment Managers
Advertising Managers
Purchasing Managers
Government Officials
Welfare Managers
Office Managers
Health Officials
Comptrollers
Statisticians
Exhibitors
Executives
Secretaries
Architects
Engineers
Schools

FOR

Maps
Charts
Posters
Surveys
Pictures
Samples
Bulletins
Statistics
Drawings
Specimens
Exhibitions
Blue Prints
Merchandise
Health Records
Routing Charts
Advertising Copy
Traveling Exhibits
Directors' Meetings

Circular 33-C Gives Full Details
Send for It Today

UNIVERSAL FIXTURE CORP.

133 West 23rd Street, New York



bership. A request that the National Chamber take up the question of reclamation came from a number of member organizations.

A Study of Depreciation

THE Fabricated Production Department of the National Chamber is now completing a pamphlet on depreciation which will be ready for circulation during the month. With the cooperation of the Treasury Department an effort is being made to develop standard rates of depreciation for various industries.

For Closer Cooperation

A SPECIAL committee of the National Association of Commercial Organization Secretaries conferred in Washington on September 19 and 20 with officers of the staff of the Chamber of Commerce of the United States with regard to closer cooperation between the National Chamber and member organizations.

Members of the Secretaries Committee were: R. B. Beach, Chicago; F. D. Babcock, Worcester, Mass.; W. C. Culkins, Cincinnati; Ralph H. Faxon, Des Moines; George E. Foss, Harrisburg, Pa.; J. M. Guild, Kansas City, Mo.; James A. McKibben, Boston; John Wood, Roanoke, Va.

Proposed Tariff Referendum

THE question of American valuations and other tariff problems probably will be submitted to a referendum vote of the National Chamber's membership soon. At a recent meeting, the Chamber's Board of Directors asked the Tariff Committee to prepare a report on the subject.

Commercial Arbitration Project

THE National Chamber is studying the subject of commercial arbitration, and will make a report to the Board of Directors on the possible establishment within the Chamber of machinery for settling disputes in domestic as well as in foreign transactions. Already there exists between the United States and several Latin American countries international arbitration machinery.

National Chamber Publications

The publications of the United States Chamber of Commerce from September 1 to October 15 include:

General bulletins Nos. 528-534 inclusive—weekly reviews of matters of interest to business.

Legislative bulletins Nos. 21-23 inclusive—A weekly review of Congress.

Special bulletins on "Taxation," "No Cash Bonus," "Crops and General Conditions."

PAMPHLETS

European Problems and Their Relation to American Business.

The Railroad Question before Congress.

Industrial Development.

Our World Trade, January to June, 1921.

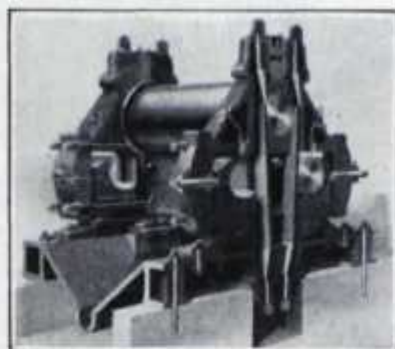
Merchandise Turnover and Stock Control.

What is "The Organization and Purpose of chambers of commerce?"

Another Blow at Personal Liberty?

STRAP-HANGING has been illegal in London omnibuses since October 1. That is the effect of a police order. It is not clear, from this distance, who goes to jail—the person who dangles from the strap, the conductor, or the president of the company which is legally presumed to have enough cars to give everybody a seat.

Completeness



"BUILD STRONG" has served the teacher well, as a motto toward success.

Applicable equally to the school boy or the builder of buildings, so also does it guide our daily work.

A manufacturer came with a blue print. He had never constructed the huge machine. The task to throw into perspective and to draw in actual photographic style this untried and unseen sugar mill machine was given us.

Unusual? No—our artists are equipped and schooled to "build strong."

Your problem will receive the same study and execution, with results of which we're proud.



"The Mark of Quality"

THE
**MATTHEWS-NORTHRUP
WORKS**

Planners - Designers - Engravers
Printers - Binders

NEW YORK BUFFALO CLEVELAND



It's Easy

"Discover what causes customers to come to a store, and then what brings them back as repeat buyers, and you have put your finger on the merchant's ALL important subject AND THE SUCCESS OF ANY STORE."

Quite true, every word of it.

Well, every ten thousand merchants, covering practically every line of retailing, have discovered, through actual experience, that paying a discount for cash causes customers to come to their stores, and that when that discount is given in **SH** Green Stamps they come back as repeat buyers.

That is also true, every word of it.

Today, the twenty-five-year-old **SH** Green Stamp is gaining and holding cash trade for progressive, live merchants just as it did back in 1896.

A change in merchandising methods, economic conditions, or business readjustment in no way alters the popularity and pulling power of the Sperry Service of cooperative discount.

THE SPERRY & HUTCHINSON CO.

114 Fifth Avenue

New York

Unemployment? What's the Remedy?

Comment and Criticism from the trade press as seen from THE NATION'S BUSINESS Observatory and here set down in brief

THE first proposals of the unemployment conference, as might be expected, are not getting unqualified approval—one purpose of such a gathering is to let in the light. As the *Electrical World* puts it, "It cannot work miracles, but it can at least clear the way."

One result has been to give a less gloomy idea of what the total of unemployment is, particularly of the correctness or rather the interpretation of the Department of Labor's figures. *Bradstreet's* sums up opinion on this point when it says:

One conclusion which seems to have gained acceptance is that the figures as to unemployment recently given out by the Bureau of Statistics of the Department of Labor, namely 5,735,000 were much too high. The total of 3,500,000, over 2,000,000 less, was given as the result of a survey in June last by the National Industrial Conference Board, as set forth by Mr. R. R. Lutz of that organization at the first of the public hearings on Tuesday. The conference's own Committee on Unemployment Statistics reported on Thursday that the unemployed numbered not fewer than 3,700,000 nor more than 4,000,000, and that conditions had improved steadily in the last two months. At Tuesday's hearing Mr. Russell F. Phelps, director of statistics of the Massachusetts Department of Labor, said that some leading industries in that State are now employing more persons than in 1914. He further expressed the belief that unemployment there was not altogether due to lack of work, but partly to lack of work at wages which workers insisted on receiving.

Chambers of Commerce throughout the country are by no means united in reporting a serious condition of unemployment. Some of them describe conditions as improving and others describe the situation as well in hand. How uneven the situation is may be indicated by this from the *American Lumberman*:

At the request of Secretary Hoover, the National Lumber Manufacturers' Association recently sent inquiries to regional associations, the replies to which indicate percentages of unemployment in the lumber industry approximately as follows: Pacific Northwest, 38 per cent; Spokane district, 45 per cent; California, generally, 30 per cent; California redwood district, normal; Wisconsin and Michigan, 60 per cent in the mills and 65 per cent in the woods; South Atlantic States, 45 per cent; Gulf States, 30 to 35 per cent; Central States (including the hardwood district), 50 to 60 per cent; Arkansas, 10 per cent.

Textile World, which is somewhat gloomy as to the results of the gathering, insists that "the only certain method to stimulate consuming capacity" is to make prices at retail so low as to inspire the confidence of the buying public in their reasonableness. It doubts the committee's ability to agree on a plan that will do that. It follows, says *Textile World*:

The most that can be expected of this committee is that it may give wide publicity to basic features of strength in certain industries and markets that will tend to stimulate demand, while indulging in general recommendations of a makeshift character that may alleviate, but cannot be expected to effect a permanent cure.

Every recommendation of the manufacturers' subcommittee, presented to Secretary Hoover on Tuesday, is a makeshift. Their recommendation to manufacture goods for stock in

anticipation of revival in trade conditions is worse than this—it is a positive menace to permanent improvement. They would seek to increase demand by increasing supply, whereas every principle of practical business and economics is opposed to such a policy.

There is not the slightest doubt but that the principal present cause of unemployment is the unwillingness of the unemployed to accept work at wages that the general public considers reasonable.

The committee's proposals for part-time employment have aroused interest. The unemployment survey for 1920-21 made by the American Association for Labor Legislation and published in their *Review* for September has a pertinent section on what has been done in this line:

Business associations in forty-one cities that included information on this point in their reports were in almost unanimous agreement that the short day and the short week were the most widely used devices. In all but four of these cities "many" or "practically all" industries went on the short day or the short week, or both.

Shifting or rotating employees was not so common: in Phoenix it was done "in the big mines"; in Pueblo it was "the most common plan to meet unemployment and is successful"; in Hartford and Wilmington it was tried by one large plant on a "one week on, one week off basis"; in New Haven "practically all" did it "successfully"; in Gary the steel company did it (together with the short week), thus "at present making it possible for 2,500 men to work who would otherwise be entirely out of employment"; in Indianapolis it was common with the automobile, packing and furniture industries; in Evansville, Ind., with a large steam shovel company (Bucyrus); in Syracuse with the steel industry; in Cincinnati with steel plants, railroads and rolling mills; in Seattle with longshore work; while in Lynn "union rules apportion work so all get a share"; in Minneapolis "it was attempted by nearly all."

Of the proposal rotating employees *The American Contractor* says:

The proposition to stagger employment so that one group gets three days on the pay roll and then gives way to another group for three days, has its questionable phases. These would be more apparent if the proposition were extended to include the entire plant and it were proposed that the Smith Iron Works would close for three days so that the Jones Iron works could have three days' production. Smith, if he had orders which justified six days' production in his plant, would not like to give up three days' production to Jones, and yet that proposition is to the owners and management no different than is the proposition to apply the shift system to labor and ask one group to give up two or three days a week in order to furnish employment to another group.

However, the situation warrants consideration of the greatest good for the greatest number, regardless of the effect on isolated individuals, and for that reason it may be found prudent to apply the shift policy in localities where unemployment is apt to be extensive.

The Iron Age blames inequality of labor costs for the unemployment situation in its industries:

So far as the steel industry is concerned, the unemployment conference at Washington can limit its search for causes of unemployment to three. There are others, but if these three were remedied the industry would soon be on its way to a scale of activity that would give

work to tens of thousands of men who are idle today or working only a fraction of each week:

1. Transportation charges nearly double those of immediately prewar time.

2. Fuel cost more than double and in some cases nearly three times that of 1914.

3. Building trades labor cost double that before the war, with performance of building trades labor often below that of prewar time.

Steel works labor has suffered repeated reductions. Railroad labor has been reduced but 12 per cent. Coal miners insist on the continuance of war time wages, and workers in the building trades stand in the way of a demand for materials of construction that would give employment to hundreds of thousands.

It is sorry comfort to contrast our own troubles with those of our neighbor who suffers more. Nowhere in the comment on the American situation is there anything to compare with this from the *Manchester Guardian*:

Unless—which is unlikely—trade becomes suddenly brisk, the winter months will see such widespread misery from unemployment as this generation has never known. Last winter was bad, but this winter will be worse, not only, or even chiefly, because there will be more men out of work, but because most of them in the twelve months' struggle have come to the end of their tether. Every day an increasing proportion of them become reckless. The symptoms of despair are growing and, although violence has so far been limited to the supposed needs of forcible advertisement, there is no certainty that it will stop there. . . .

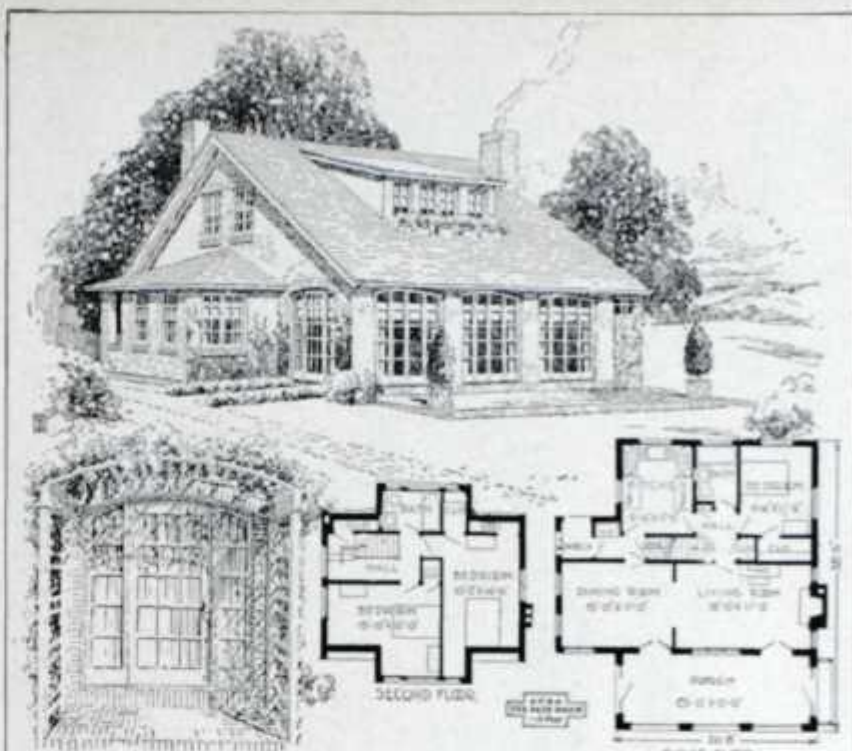
If local authorities can be encouraged to expedite schemes of development, something will be gained, but the main problem of what to do with the vast mass of men for whom economic employment cannot be found will still remain. And it is just on this problem that the official statement is ominously silent.

The Slipping German Mark and What It Means to Us

CAN Germany undersell? Is she riding to ruin with the falling mark? Is there a German "efficiency" such as we used to talk of in 1914-1915 that will make her unconquerable in commerce? These are constant questions. Next month *THE NATION'S BUSINESS* hopes to help a little in finding the answers. At the moment the fall of the mark has set the business commentators busy. The *Economic World* discusses the causes and ventures a little way along the path of prophecy:

Two principal causes are commonly assigned for the disproportionate decline in the value of the mark abroad. The first of these reasons is that the German Government, after the war, perceiving that somehow it must provide itself with the wherewithal to secure indispensable foodstuffs and raw materials in foreign countries at a time when the country had next to nothing to export, deliberately played upon the imagination and covetousness of speculators in the United States and elsewhere by exporting paper marks and selling them at the best price they would bring, thus creating an immense supply of marks in the hands of persons having no business use for them and certain in the end to sell them out at a ruinous loss. The second, and more recent, reason given for the depreciation of the mark abroad is that the German Government in its desperate endeavor to procure the means of meeting its reparations instalments, is operating in the international exchange market upon a tremendous scale, buying the gold money it must turn over to the Allies without regard to the sacrifice involved for Germany. . . .

When we have gone as far as we can with explanations of this character, we still have not answered the question whether the inter-



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Cunard Building, New York City

Architects Benjamin W. Morris and
Carver B. Hastings

The New Cunard Building

—the home of the Cunard Steamship Company, Ltd., New York City, is probably the most important commercial building operation planned during the war period and carried to completion since the signing of the Armistice.

The design is a logical expression of Indiana Limestone construction treated as a Facing for a steel skeleton frame structure. The Indiana Limestone Facing rises the full height, 259 feet above street grade level and has an aggregate total area of approximately 75,000 square feet on the three street fronts.

The four Marine Statuary Groups which serve as terminal features on the two end pavilions of the Broadway facade, are carved from solid blocks of Indiana Limestone, which weighed approximately forty tons each.

The Architects, in a brief description of the building, state, "There is nothing dramatic or sensational about the design or its material, the attempt having been to produce a type of building representative of the sound dignity of its tenants, and one easy to live with and be looked upon with rest and satisfaction by the daily passerby."

And the chosen material, Gray Indiana Limestone, has made possible the successful carrying out of these ideals. The wisdom of the Architects and owners in using this natural stone, will be repaid by the permanence and freedom from repair and attention, so necessary with buildings faced with imitation products.

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national decline of the mark really signifies that a great economic collapse is imminent in Germany, and that the rest of the world is about to suffer terribly therefrom. On this point, we confess, we ourselves entertain very substantial doubts. One of the chief of these doubts arises from the fact that, according to the best testimony obtainable, the German population as a whole is working and producing with an energy displayed by no other people in Europe or perhaps in the world. Whatever may happen to the value of a country's currency, goods will always buy goods; and no nation is really in danger of complete economic collapse whose citizens are providing themselves in ever increasing measure of the necessities of life and of industry.

The *Bulletin* of the National City Bank, discussing the American valuation feature of the tariff bill says the effort "to make the duties high enough to effectively control importation from the countries with depreciated currencies is the result of undue state of alarm." The *Bulletin* thus views the German situation:

It might be thought from reading the scare stories about German competition that the Germans had the industrial capacity to do all the work of the world. In fact their capacity is no greater than before the war. They were very busy and effective in competition before the war, and yet the rest of the world found enough to do. They are not more formidable in industrial ability or equipment than they were then, and the low value of their currency is not on the whole or for the long run a source of strength. It hampers them seriously in the purchase of raw materials. They are under a serious handicap also from the requirement that 26 per cent of the value of all their exports must be paid into the reparations fund. The so-called advantage which they have in the depreciation of the mark is a fact which is causing the German authorities and financiers the greatest anxiety. At the latest quotation, 117 marks to the dollar, it seems on the verge of disappearance, along with the Polish mark and Austrian crown.

The report that the American Woolen Company is to market in other countries goods made in Germany leads *Textile World* to say:

Whether or not the American Woolen Products Company ultimately finds it practicable to retain a portion of its export trade by an arrangement for the control and distribution in foreign markets of goods made in Germany, it will have given Congress and low tariff advocates a valuable object lesson in the inadequacy of present duties and of the rates on wool manufactures of the pending Fordney Bill.

This report has thrown consternation into the camp of those "international economists" who hold that our tariff duties must remain low enough to allow foreign debtors to discharge their obligations through the unrestricted sale of goods in this country. Their favorite rejoinder to the undisputed claim that labor and production costs are abnormally low in Germany and certain other European countries is that this condition is temporary.

Drug and Chemical Markets sounds a warning against letting down tariff bars. It reports that a burlap and burlap bag plant in Brooklyn has been sold for \$4,000,000 and the machinery and other equipment shipped to Calcutta, where the four millions will erect a new plant. Labor is 15 cents a day in Calcutta; \$3 in Brooklyn. But, says this periodical:

The labor problem was not the deciding factor which determined the move to Calcutta. The manufacturer was assured that the removal of the import duty on burlap and burlap bags was off to stay. Ignoring the standard of wages of American labor as against Hindu

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labor—in this case, \$3 against 15 cents a day—Congress indicated that the new tariff bill would carry no protection for the burlap bag industry. This plant, which incidentally made 60 per cent of all burlap used in baling cotton grown in the United States, was forced to sell out and move to the source of cheap labor in self-defense. Thus, 5,000 more Americans are added to the army of unemployed, and the country loses a \$4,000,000 plant.

Has it ever occurred to the American chemical industry, and Congress as well, how much further American capital would go in Germany in building plants than it does here, particularly if the American chemical tariff lacks effectiveness? And how about the couple of million employees connected with the American chemical industry?

A Proposal That We Start an "Economic Disarmament"

WHILE the tariff is still with us, and promises to be for some time, there are rumblings of dissatisfaction with our traditional policy. *The Commercial and Financial Chronicle* makes a suggestion which, however impracticable it may be, is well worth reading:

We are to have a Conference of Great Powers on the Limitation of Armaments—that goodwill may flow freely over the earth and peace may come, to stay. No one, as far as we know, has proposed a companion Conference on the Limitation of Tariffs. Yet no one, we think, seriously doubts that long-continued reprisals in export and import duties, a form of economic war, will in time breed conditions forcing another military war. Do the component individuals of the peoples of earth want peace between the nations? Assuredly, yes! Do the component individuals of the peoples of earth want to trade with each other? Emphatically, yes! Why does not Peace come, why are not the seas white with the sails of the Ships of Trade? Because governments, that should procure peace and protect the freedom of trade, cannot agree upon principles and extricate themselves from the toils of outworn policies!

Tommaso Tittoni, president of the Italian Senate, in an address at this Institute, said: "One should do for international commerce what the United States have done for internal commerce. With regard to discriminating prices and export duties, there is only one possible solution—abolishment."

Such a solution of trade difficulties, such language even, is calculated to send a shudder down the back of the average American "protectionist," and well it may, for we are all in the toils of a "system" that is in universal practice by governments, and which cannot be totally dismissed by "abolishment" without serious consequences. But surely "limitations" may be placed on the further growth of the "system." And just as surely, as the Italian Senator says, there are grounds for the belief that we have but now, in the wake of a military war, entered upon a tremendous conflict in the use of economic reprisals!

We make no mistake, however, when we contrast "abolishment" of military and economic wars. In the first place, these two forms of war (perhaps commercial is a better word than economic) are alike in one particular in their natural reactions—each tends to cause the other. But the abolishment of military war, though imperative to the growth of civilization and its permanence, is not in itself affirmative of prosperity. It only opens the way to the universal advance. On the other hand, the abolishment of commercial war energizes that constructive process already existent and imbedded in the instincts, desires, and relations of mankind—the propensity to trade, which is one form of the "propensity to acquire"—and this only another name for the inner urge to work and produce.

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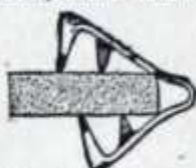
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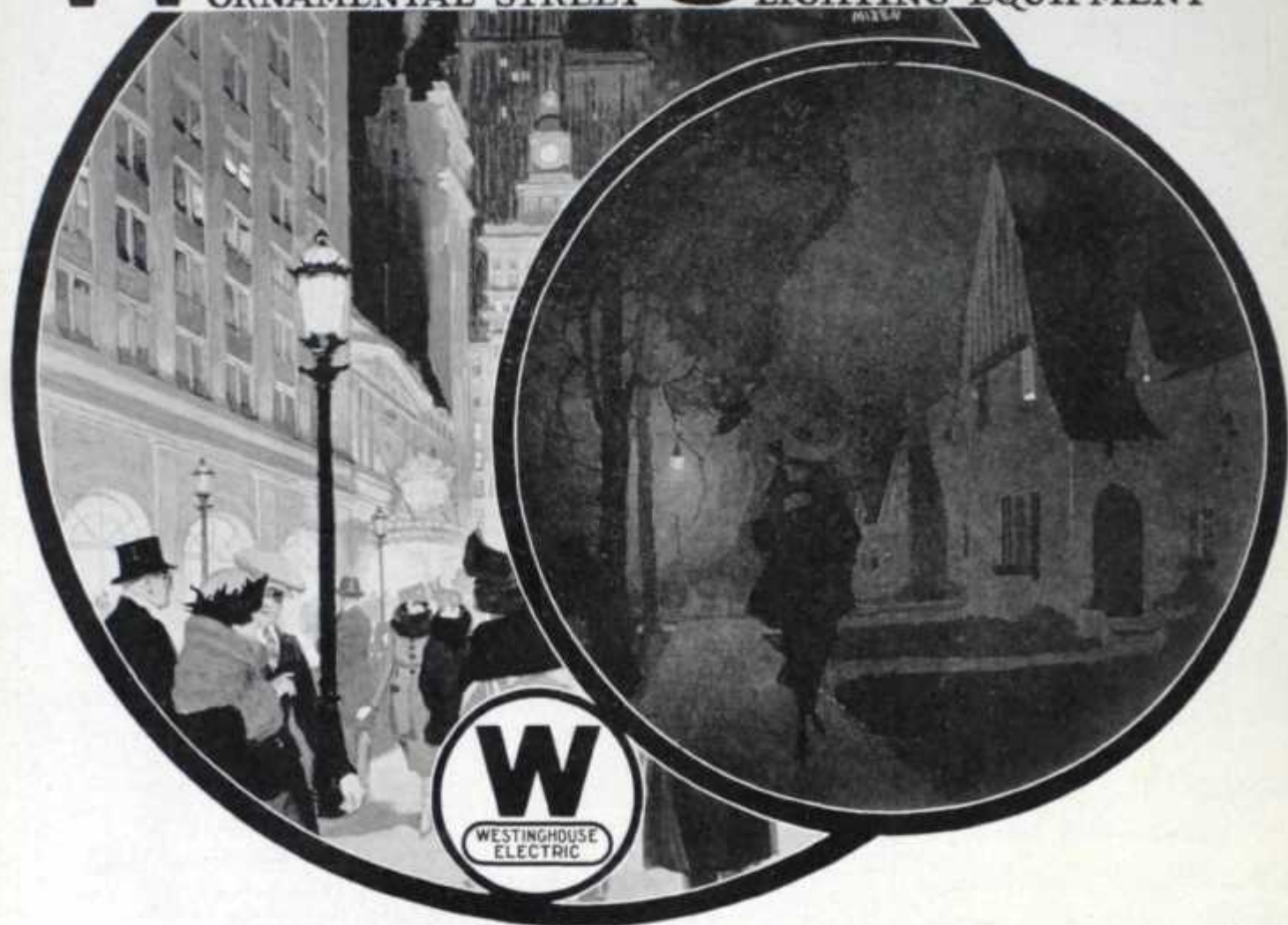
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